

DRAFT ANNUAL BUDGET OF

Bitou Municipality



2013/14 TO 2015/16

MEDIUM TERM REVENUE AND

EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading	LED	Local Economic Development
ASGISA	Accelerated and Shared Growth Initiative	MEC	Member of the Executive Committee
BPC	Budget Planning Committee	MFMA	Municipal Financial Management Act Programme
CBD	Central Business District	MIG	Municipal Infrastructure Grant
CFO	Chief Financial Officer	MMC	Member of Mayoral Committee
CM	City Manager	MPRA	Municipal Properties Rates Act
CPI	Consumer Price Index	MSA	Municipal Systems Act
CRRF	Capital Replacement Reserve Fund	MTEF	Medium-term Expenditure Framework
DBSA	Development Bank of South Africa	MTREF	Medium-term Revenue and Expenditure Framework
DoRA	Division of Revenue Act	NDP	National Development Plan
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		
ℓ	litre		

Part 1 – Annual Budget

1.1 Mayor's Report

Speaker, members of the mayoral committee, councilors, municipal manager, directors, guests, ladies and gentlemen, good morning to all.

Speaker, it is not only my duty, but also my honour and privilege to stand before council and table the draft budget for Bitou Municipality. We still find ourselves in the shadow of the economic downturn, and just like the Provincial and National Government, need to devise our budget in a constrained fiscal environment.

It is not only my duty as Executive Mayor of Bitou to lead the municipality and citizens of Bitou towards financial sustainability and to ensure the protection of the scarce financial and other resources at our disposal, but also to ensure that the quality of life in our area is improved through the sustainable delivery of quality services to all our communities.

Economic outlook

Bitou cannot function in isolation of the global economy and therefore the following economic indicators needs to be noted and taken into account in our own financial strategies.

- The Global economic growth has slowed to 3.2% in 2012 and is expected to moderately increase to 3.5% in 2013
- South Africa achieved a growth of only 2.4% in 2012, and more people are unemployed than a year ago.
- GDP is expected to grow at 2.7% in 2013 rising to 3.5% in 2015
- Inflation remains within the reserve bank target of between 3% and 6% with upward pressure as a result of increased consumer debt.
- The economy of the Western Cape is expected to have grown by 3% in 2012, which is marginally higher than the national average.
- Census 2011 has shown that the population of the Western Cape has grown with 29% from 2001; Bitou recorded the 4th highest growth in population in the country placing a huge strain on infrastructure and housing needs.
- Disposable revenue remains under strain highlighting the need for affordable service delivery.

Bitou financial overview

The municipality still finds itself in a vulnerable financial position constantly having to manage ourselves out of past deficiencies and inappropriate financial management decisions to a position of financial viability and sustainability. The following needs to be highlighted:

- The cash position has improved from a negative R 33 Million as at 30 June 2012 to a positive R10 Million as at 28 February 2013

- Trade Creditors have reduced from R 20 Million as at 30 June 2012 to 2 Million at the end of February 2013
- Debtors collection is averaging at 92.5% for the year to date with the average time taken to collect debt reducing from 135 days to 114 days
- The cash flow remains under pressure though as various legacy issues including VAT repayment, unpaid statutory contributions, the repayment of Provincial housing funds and issues of litigation needs to be concluded.

Focus of the 2013/2014 budget

The National Development Plan provides an additional challenge to the municipality with regards to social and economic restructuring, the rapidly urbanising society, and social solidarity whereby inclusive economies needs to be built. It also highlights key institutional challenges to municipalities with regards to the need to professionalise the public service, strengthen accountability, improving management and the fight against corruption.

National Treasury Budget Circulars 66 and 67 also emphasizes the constricting economic climate in which we need to operate and urges municipalities to ensure value for money spending, protection of the poor and encourages the municipalities to carefully evaluate all spending decisions.

Bearing the aforementioned in mind the draft budget tabled here today is focussed on the following:

- Core service delivery obligations assigned to the municipality in the constitution.
- Maintenance of existing infrastructure enjoys preference and we are focusing on preventative and scheduled maintenance preceded by proper planning processes.
- Provision of basic services, improvement of the quality of housing, infrastructure as well as sustainable service delivery to ensure the economic progression of our communities
- Balancing quality and affordability in the rendering of services to all communities within Bitou.
- Encouraging savings and value for money spending in all areas of service delivery thereby ensuring the financial sustainability of the municipality.
- Strengthening of management, leadership and oversight.

Capital Budget

The capital budget flows from the IDP process and contains information obtained from relevant stakeholders through extensive public participation processes as well as ward committee processes where applicable.

The total capital requirements for the 2013/2014 financial year amounts to R 44 Million with the main focus being the following:

Provision of Housing infrastructure	R 11.7 Million
Water Infrastructure	R 9.5 Million
Electricity	R 1.3 Million
Sanitation	R 9.66 Million
Refuse Removal	R 4.38 Million
Cemetery establishment	R 1.3 Million
Roads Infrastructure	R 3.26 Million

The capital budget is funded by means of grants from National government in the amount of R19.9 Million, Provincial Grants in the amount of R 12.1 Million, Loan funding in the amount of R10 Million and other own funding in the amount of R 2 Million.

Operating Budget

The operating budget for the 2013/2014 financial year amounts to R 404.2 Million which represents an increase of R 63.7 Million or 18.7% over the budget for 2012/2013.

The cost drivers of the increase in the budget can be summarized as follows:

- 6.85% increase in the wage bill in accordance with the multi-year wage agreement
- 8% increase in the purchase of electricity from Eskom.
- Inflationary pressure and the general increase in the price of goods and services
- Substantial increase in fuel prices over the last 12 months.
- Operational requirements to ensure service delivery standards are complied with.

Housing allocation for the construction of houses has significantly increased from R 24.7 Million in the 2012/2013 financial year to R 62.8 Million in the 2013/2014 financial year allowing the municipality to expedite the delivery of houses.

Revenue sources remains under strain and in an attempt to balance service delivery with affordability proposed tariff increases have been limited as follows:

Electricity 7.2%

Water 6%

Sewerage 6.4%

Assessment rates 5.5%

Refuse removal 7%

The compilation of the general valuation roll for the period July 2013 to June 2017 have added little growth in the rates basis as a very low growth in property values over the last 4 years is evident from the valuations submitted, early indications are that the rates base will not grow with more than 2% to 3% from the 2009 valuation roll to the 2013 valuation roll.

Indigent subsidies

Provision is made in the operating budget for the subsidizing of indigent households in the amount of R 245 per month; this includes a free 6kl of water, 50 units of electricity, a 100% subsidy for refuse removal and sewerage charges. A 100% rebate on assessment rates will also be given for Indigent households. The subsidy allowed, exceeds the National norm and stretches the affordability threshold of the municipality. The total amount in respect of free services, inclusive of free services given in Eskom distribution areas, and assessment rates rebates exceed R24 Million in the 2013/2014 financial year.

In conclusion

The draft budget tabled here today is a step closer in attaining the strategic goals of the municipality which includes amongst others, institutional development and transformation, service delivery to all our communities, financial viability and sustainability, excellence in administration, transparency and public participation and it is my prayer that it will contribute to our goal "To be the best together".

Speaker, please allow me to express my appreciation to the following persons:

- To all members of the Mayoral committee and all councillors who contributed to the budget process.
- To the Municipal Manager and his team for the hard work and long hours put in for the compilation of the draft budget.
- To all members of the ward committees and members of the public for their participation and valuable contributions in the budgeting process.

Speaker, it is my privilege to table the 2013/2014 draft budget for consideration and I would like to invite all stakeholders to contribute in the public participation process before the budget is submitted to council for final approval.

I thank you.

COUNCILLOR MEMORY BOOYSEN
EXECUTIVE MAYOR

1.2 Draft Council Resolutions

1. The Council of Bitou Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 27 (MBRR Table A2);
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 29 (MBRR Table A3);
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 20 on page 30 (MBRR Table A4); and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 21 on page 32 (MBRR Table A5).
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 22 on page 34 (MBRR Table A6);
 - 1.2.2. Budgeted Cash Flows as contained in Table 23 on page 36 (MBRR Table A7);
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 24 on page 37 (MBRR Table A8);
 - 1.2.4. Asset management as contained in Table 25 on page 38 (MBRR Table A9); and
 - 1.2.5. Basic service delivery measurement as contained in Table 26 on page 40 (MBRR Table A10).
2. The Council of Bitou Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013; the tariffs for property rates, the tariffs for electricity, the tariffs for the supply of water, the tariffs for sanitation services, the tariffs for solid waste services as set out in Annexure A:
3. The Council of Bitou Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013 the tariffs and fees for other services, as set out in Annexures B.
4. To give proper effect to the municipality's annual budget, the Council of Bitou Local Municipality approves:
 - 4.1. That cash backing be implemented through the utilisation of a portion of the realisable accumulated surplus as at the end of the financial year to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
 - 4.2. That the municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the 2013/14 financial year limited to an amount of R10 Million per financial year of the MTREF in terms of Section 46 of the Municipal Finance Management Act.

- 4.3. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.

1.3 Executive Summary

The application of sound financial management principles for the compilation of Bitou Municipality's financial plan is essential and critical to ensure that Bitou Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

Bitou Municipality's business and service delivery priorities were reviewed as part of this year's planning and budgeting process. Where appropriate, funds were transferred to address crucial service delivery needs and to ensure compliance with legislative requirements and to meet service delivery obligations. The current year adjustment budget is reflective of this principle and supports the municipality's quest for financial sustainability.

Bitou Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers and to ensure that all revenue due is billed and collected. Furthermore, Bitou Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 66 and 67 were used to guide the compilation of the 2013/14 MTREF.

The main challenges experienced during the compilation of the 2013/14 MTREF can be summarized as follows:

- The slow recovery from the economic downturn that is still hampering growth and development.
- Difficulties experienced in recovering from inappropriate financial management decisions.
- Above average population growth placing a strain on infrastructure and housing needs.
- Ageing and poorly maintained water, roads and electricity infrastructure;
- The increased cost of bulk water and electricity as a result of continued annual increases which is placing upward pressure on service tariffs to residents.
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2013/14 MTREF:

- The 2012/13 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2013/14 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity and the continued escalation in the fuel price. In addition, tariffs need to

remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2013/14 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2013/14 MTREF

Description	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Total Operating revenue	380,896,408	438,794,138	429,328,368	463,088,442
Total Operating Expenditure	340,468,663	404,203,680	390,752,525	409,770,944
<i>Surplus/(Deficit) for the year</i>	40,427,745	34,590,458	38,575,843	53,317,498
Total Capital Expenditure	59,374,560	44,025,518	43,181,842	47,202,179

Total operating revenue has grown by 15.2 per cent or R57.9 million for the 2013/14 financial year when compared to the 2012/13 Adjustments Budget. For the two outer years, operational revenue will decrease by 2.16 and increase by 7.86 per cent respectively, equating to a total revenue growth of R81.2 million over the MTREF when compared to the 2012/13 financial year.

Total operating expenditure for the 2013/14 financial year has been appropriated at R404.2 million and translates into a budgeted surplus of R2.56 million after taking into consideration capital funding from own revenue and Loan funding. When compared to the 2012/13 Adjustments Budget, operational expenditure has grown by 18.72 per cent in the 2013/14 budget and by reduces by 3.35 for 2014/2015 and increases by 4.87 per cent for 2015/2016 being the outer years of the MTREF. The operating surplus for the two outer years steadily increases to R7.3 million for 2014/2015 and R18.6 Million for 2015/2016 after capital funding is accounted for. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R44.025 million for 2013/14 is 25.8 per cent less when compared to the 2012/13 Adjustment Budget. The reduction is due to various projects being finalized in the previous financial year as well as affordability constraints in the light of current economic circumstances and financial recovery of the municipality. The capital program increases to R43.18 million in the 2014/15 financial year and then evens out in 2015/16 to R47.2 million.

The major portion of the capital budget will be funded from Government grants and subsidies as the municipality does not have the financial resources to commit its own funds to capital financing. A portion of the capital budget will be funded from borrowing over MTREF with anticipated borrowings not exceeding R10 Million per year over the MTREF. It needs to be noted that Bitou Municipality has not yet reached its prudential borrowing limits and so there is still room for increasing borrowing over the medium-term. It is however very important to ensure that the municipality sufficiently recovers financially prior to the taking up of additional capital loan funding in excess of current annual redemption. The repayment of capital and interest (debt services costs) will not substantially increase over the MTREF and will therefore contribute to the financial recovery of the municipality.

1.4 Operating Revenue Framework

For Bitou Municipality to continue improving the quality of life of its communities through the delivery of high quality services, it is necessary to generate sufficient revenue from rates and service charges. It is also important to ensure that all billable revenue is firstly correctly billed and secondly adequately collected. The prevailing economic circumstances are adding to the difficulties in collecting the revenue due to the municipality and additional savings initiatives will need to be implemented in the MTREF to ensure the financial sustainability of the municipality.

The expenditure required to address the needs of the community will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Revenue enhancement and maximizing the revenue base;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Ensuring cost reflective tariff increases for water, sanitation and refuse collection;
- Budgeting for a moderate surplus to ensure availability of cash reserves to back statutory funds and provisions.
- Fully subsidizing all indigent households in terms of the relief offered by the municipality

The following table is a summary of the 2013/14 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source											
Property rates	2	54 912	63 139	66 730	82 912	82 255	82 255	82 255	89 247	94 066	99 146
Property rates - penalties & collection charges		2 332	2 780	3 162	3 306	3 306	3 306	3 306	3 300	3 300	3 400
Service charges - electricity revenue	2	62 219	74 500	88 977	94 443	93 565	93 565	93 565	102 415	109 761	117 635
Service charges - water revenue	2	23 227	28 256	29 979	31 491	32 197	32 197	32 197	34 338	36 193	38 147
Service charges - sanitation revenue	2	21 834	25 259	28 085	32 497	32 412	32 412	32 412	35 165	37 064	39 066
Service charges - refuse revenue	2	10 927	13 742	16 184	19 224	19 410	19 410	19 410	21 004	22 138	23 334
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		1 417	901	763	2 060	1 181	1 181	1 181	1 213	1 104	1 153
Interest earned - external investments		3 917	1 184	1 614	506	2 950	2 950	2 950	1 770	1 500	1 650
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		5 412	5 725	5 144	4 988	3 600	3 600	3 600	4 107	4 308	4 209
Licences and permits		27	61	94	240	75	75	75	74	77	81
Agency services		-	-	761	850	1 150	1 150	1 150	1 208	1 268	1 350
Transfers recognised - operational		62 329	46 392	32 113	38 632	56 255	56 255	56 255	102 052	76 201	87 196
Other revenue	2	19 418	8 732	6 647	7 963	9 965	9 965	9 965	6 455	6 877	7 311
Gains on disposal of PPE		321	-	391	11 100	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		268 290	270 669	280 642	330 212	338 322	338 322	338 322	402 348	393 857	423 676

Table 3 Percentage growth in revenue by main revenue source

Description	Current year 2012/2013		2013/14 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2013/14	%	Budget Year +1 2014/15	%	Budget Year +2 2015/16	%
Revenue By Source								
Property rates	82 255	24.31	89 247	22.18	94 066	23.88	99 146	23.40
Property rates - penalties & collection charges	3 306	0.98	3 300	0.82	3 300	0.84	3 400	0.80
Service charges - electricity revenue	93 565	27.66	102 415	25.45	109 761	27.87	117 635	27.77
Service charges - water revenue	32 197	9.52	34 338	8.53	36 193	9.19	38 147	9.00
Service charges - sanitation revenue	32 412	9.58	35 165	8.74	37 064	9.41	39 066	9.22
Service charges - refuse revenue	19 410	5.74	21 004	5.22	22 138	5.62	23 334	5.51
Rental of facilities and equipment	1 181	0.35	1 213	0.30	1 104	0.28	1 153	0.27
Interest earned - external investments	2 950	0.87	1 770	0.44	1 500	0.38	1 650	0.39
Fines	3 600	1.06	4 107	1.02	4 308	1.09	4 209	0.99
Licences and permits	75	0.02	74	0.02	77	0.02	81	0.02
Agency services	1 150	0.34	1 208	0.30	1 268	0.32	1 350	0.32
Transfers recognised - operational	56 255	16.63	102 052	25.36	76 201	19.35	87 196	20.58
Other revenue	9 965	2.95	6 455	1.60	6 877	1.75	7 311	1.73
Total Revenue (excluding capital)	338 322	100.00	402 348	100.00	393 857	100.00	423 676	100.00

Revenue generated from services charges remain the major source of revenue for the municipality amounting to 47.95 % of total revenue.

The major sources of revenue for the 2013/2014 financial year can be summarized as follows:

Source	Amount (R Million)	Percentage
Assessment Rates	89.2	22.18
Electricity revenue	102.4	25.45
Water revenue	34.3	8.53
Sewerage Charges	35.1	8.74
Refuse Charges	21.0	5.22
Grants and subsidies	102.0	25.36

The second largest source is grants and subsidies totaling R 102 million and mainly comprises of Equitable share allocated through the Division of Revenue Act and Provincial housing allocation for the construction of Houses. Other operating grants include the Finance management grant, municipal systems improvement grant as well as EPWP incentive grant. Property rates is the third largest revenue source totaling 22.18 per cent or R 89.2 million rand and increases to R99.1 million by 2015/16.

Other revenue consists of various items such as income received from permits and licenses, building plan fees, connection fees, fines collected and other sundry receipts and totals R 6.4 Million for the 2013/2014 financial year. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Table 4 Operating Transfers and Grant Receipts

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
Capital expenditure on renewal of existing assets by Asset Class/Sub-class											
Infrastructure		-	-	2 234	21 621	19 850	19 850	13 453	8 887	18 841	
Infrastructure - Road transport		-	-	-	4 000	10 700	10 700	2 300	3 932	10 546	
Roads, Pavements & Bridges		-	-	-	4 000	10 700	10 700	2 300	3 932	10 546	
Storm water		-	-	-	-	-	-	-	-	-	
Infrastructure - Electricity		-	-	1 667	9 000	250	250	1 270	1 000	500	
Generation		-	-	-	-	-	-	-	-	-	
Transmission & Reticulation		-	-	-	9 000	250	250	1 270	1 000	500	
Street Lighting		-	-	1 667	-	-	-	-	-	-	
Infrastructure - Water		-	-	217	4 150	500	500	250	400	7 796	
Dams & Reservoirs		-	-	-	-	-	-	-	-	-	
Water purification		-	-	-	-	-	-	-	-	-	
Reticulation		-	-	217	4 150	500	500	250	400	7 796	
Infrastructure - Sanitation		-	-	350	4 471	8 400	8 400	9 633	3 555	-	
Reticulation		-	-	350	4 471	8 400	8 400	9 633	3 555	-	
Sewerage purification		-	-	-	-	-	-	-	-	-	
Infrastructure - Other		-	-	-	-	-	-	-	-	-	
Waste Management		-	-	-	-	-	-	-	-	-	
Transportation		2	-	-	-	-	-	-	-	-	
Gas		-	-	-	-	-	-	-	-	-	
Other		3	-	-	-	-	-	-	-	-	
Community		-	-	9 142	-	-	-	-	-	-	2 632
Parks & gardens		-	-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	-	2 632
Swimming pools		-	-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-	-
Libraries		-	-	9 142	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-	-
Buses		7	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-	-
Social rental housing		8	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-	-
Buildings		9	-	-	-	-	-	-	-	-	-
Other	-		-	-	-	-	-	-	-	-	
Investment properties	-		-	-	-	-	-	-	-	-	
Housing development	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	
Other assets	10	-	-	-	-	-	-	650	-	700	
General vehicles		-	-	-	-	-	-	-	-	-	
Specialised vehicles		-	-	-	-	-	-	-	-	-	
Plant & equipment		-	-	-	-	-	-	-	-	-	
Computers - hardware/equipment		-	-	-	-	-	-	350	-	-	
Furniture and other office equipment		-	-	-	-	-	-	-	-	-	
Abattoirs		-	-	-	-	-	-	-	-	-	
Markets		-	-	-	-	-	-	-	-	-	
Civic Land and Buildings		-	-	-	-	-	-	-	-	-	
Other Buildings		-	-	-	-	-	-	300	-	700	
Other Land		-	-	-	-	-	-	-	-	-	
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	
Agricultural assets		-	-	-	-	-	-	-	-	-	-
Agricultural 1	-	-	-	-	-	-	-	-	-	-	
Agricultural 2	-	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	-	
Biological 1	-	-	-	-	-	-	-	-	-	-	
Biological 2	-	-	-	-	-	-	-	-	-	-	
Intangibles	-	-	-	-	-	-	-	-	-	-	
Computers - software & programming	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	
Total Capital Expenditure on renewal of existing	1	-	-	11 376	21 621	19 850	19 850	14 103	8 887	22 173	

Tariff Setting

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities should justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The 8 percent increases in the average Eskom bulk purchase price once again exceeds the upper boundary of the Reserve bank inflation target resulting in an average proposed increase of 7.2% in the municipal electricity tariff.

Other factors contributing to the rising cost include the anticipated collectively agreed upon wage increase, the excessive increase in the price of petrol and diesel as well as chemicals, spares and other materials that collectively contribute to the extent that tariffs needs to be increased annually.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The municipality has completed the compilation of the general valuation roll for the period 1 July 2013 to 30 June 2017 and early indications are that the revenue base has only increased by approximately 5% when compared to the total value calculated after accounting for supplementary valuation roll 5 and 6. When allowing for objections, appeals, rebates and exemptions, an estimated growth of between 2% and 3.0% in the revenue base is anticipated. A moderate increase of 5.5% in the assessment rates tariff is therefore proposed for the 2013/2014 financial year.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is exempted from the rate-able value (Section 17(h) of the MPRA).
- In terms of the property rates policy of the municipality all properties with a value of up to R350,000 are exempted from paying assessment rates.
- The rebate granted on state owned properties will be phased out in the 2013/2014 financial year.
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- Relief measures based on income also provides for rebates varying from 40% where the monthly income of an owner is less than R 3,630 per month to 10% where the monthly income is less than R6,050 per month.
- The following conditions apply to the granting of the rebates
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse.
 - The applicant must submit proof of his/her age and identity and also proof of the annual income.

- The property must be categorized as residential.
- The Municipality may also award a 100 per cent rebate on the assessment rates of rateable properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work and public benefit organizations as defined in the property rates policy of the municipality. The owner of such a property must apply to the Chief Financial Officer in the prescribed format and at the prescribed date in order to qualify for the relief.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2013/14 financial year based on a 5.5 % increase from 1 July 2011 is contained below:

Table 5 Comparison of proposed rates 2013/2014 to levied for 2012/13

Category	Current Tariff (1 July 2012)	Proposed tariff (from 1 July 2013)
	c/R	c/R
Residential properties	0.442	0.466
State owned properties	0.354	0.373
Business & Commercial	0.737	0.778
Agricultural	0.110	0.116
Vacant land	0.573	0.605
Industrial	0.737	0.778
Non-permitted use	0.922	0.973
Public benefit organizations	0.110	0.116

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Budget Circular 67 makes specific reference to the fact that water tariffs should be cost reflective and that municipalities should ensure that water complies with all applicable quality standards. The water tariff structure must therefore ensure that:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

A tariff increase of 6 per cent from 1 July 2013 for water is proposed. This is based on input cost assumptions inclusive of the increase in the cost of bulk water from Department of Water Affairs, increased wage bill of 6.85% and the cost of other inputs increasing by between 5% and 7%. In addition 6 kℓ water per month will again be granted free of charge to residents where the value of the property is below R350,000.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2012/13	PROPOSED TARIFFS 2013/14
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
Basic/Minimum Charge	237.59 p.m.	251.85 p.m.
(i) 0 to 25 kℓ	Incl. in Basic charge	Incl. in Basic charge
(ii) Above 25 to 30 kℓ	5.58	5.91
(iii) Above 30 to 40 kℓ	7.81	8.28
(iv) Above 40 to 50 kℓ	9.48	10.05
(v) Above 50 to 60 kℓ	12.27	13.01
(vi) Above 60 to 70 kℓ	15.62	16.56
(vii) Above 70 kℓ	30.66	32.52
NON-RESIDENTIAL		
(i) 0 – 60 kℓ	7.70	8.16
(ii) Above 60 to 100 kℓ	17.44	18.49
(iii) Above 100 to 200 kℓ	19.93	21.13
(iv) Above 200 kℓ Excl. Laundromats	22.40	23.74
(v) Above 200 kℓ Laundromats	19.93	21.13

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 7 Comparison between current water charges and increases (Domestic)

Monthly consumption kℓ	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
25	237.59	251.85	14.26	6.0
30	265.49	281.40	15.91	6.0
40	343.59	364.20	20.61	6.0
50	438.39	464.70	26.31	6.0
60	561.09	594.80	33.71	6.0
70	717.29	760.40	43.11	6.0
100	1 637.09	1 736.00	98.91	6.0

The tariff structure of the 2012/13 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R23.74 per kiloliter for consumption in excess of 100kℓ per month.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. An 8.0 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2013.

Considering the Eskom increases, the consumer tariff had to be increased by 7.2 per cent to offset the additional bulk purchase cost as well as recover the additional cost components such as the increase in the wage bill, general expenditure and increased maintenance and material cost for the 2013/2014 financial year. The continued above average increase in electricity

prices has resulted in a downward trend in the average consumption patterns of consumers in an attempt to mitigate the effect of the increased cost of electricity resulting in a negative impact on the municipal electricity revenue.

Registered indigents as well as sub-economic consumers will again be granted 50 kWh per month free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

Table 8 Comparison current vs. new electricity charges (Domestic up to 60A connection)

Monthly Consumption kWh	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
100.00	69.00	73.97	4.97	7.20%
250.00	184.50	197.78	13.28	7.20%
500.00	486.50	521.53	35.03	7.20%
750.00	776.50	832.41	55.91	7.20%
1 000.00	1 086.50	1 164.73	78.23	7.20%
2 000.00	2 326.50	2 494.01	167.51	7.20%

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 6.4 per cent for sanitation from 1 July 2011 is proposed. The increase in tariffs can also be ascribed to rising wage cost, the increase in electricity used in purification and pumping processes, the increase in fuel prices and the general increase in the price of goods and services. It must also be emphasized that the municipality must ensure that purification processes complies with quality standards and that green drop status is maintained.

The following table compares the current and proposed tariffs:

Table 9 Comparison between current sanitation charges and increases

	TARIFF PER Annum	TARIFF PER Annum
	R	R
Single Residential	3,494.00	3,718.00
Shops, B&B's Offices, Hotels	5,372.00	5,716.00
Single residential used for business purposes, restaurants	6,984.00	7,431.00
Group housing and resort zones	3,494.00	3,718.00
Residential property valuation below R350,000	978.36	1,041.00
Septic tank removals	322.00	342.61
Sanitation fee no waterborne sewerage	1,365.00	1,452.00

The following table shows the impact of the proposed increases in sanitation tariffs on the amounts charged per consumer category

Table 10 Comparison between current sanitation charges and new, per consumer type

Consumer type	Current amount payable R	Proposed amount Payable R	Difference R	(% increase)
Single Residential	3494	3718	224	6.4
Shops, B&B's Offices, Hotels	5372	5716	344	6.4
Single residential used for business purposes, restaurants	6984	7431	447	6.4
Group housing and resort zones	3494	3718	224	6.4
Residential property valuation below R350,000	978.36	1041	62.64	6.4
Septic tank removals	322	342.61	20.61	6.4
Sanitation fee no waterborne sewerage	1365	1452	87	6.4

1.4.5 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is reiterated in Budget circular 66 and 67 that municipalities should strive to budget for a moderate surplus in order to ensure that the required funding levels are maintained and to ensure that the provision for the rehabilitation of the land fill site is cash backed. The Municipality is currently in a process to close the current land fill site and it is therefore of essence that sufficient funds are available for the rehabilitation of the landfill site estimated to be in excess of R6 Million. It was also necessary to budget for an additional R 1.8 Million in Tip fees for dumping the refuse from Bitou at the Petro SA dump site not previously budgeted.

A 7 per cent increase in the waste removal tariff is proposed from 1 July 2013. The higher increase is not only necessary to provide for sufficient reserves, but also to fund the additional operational and capital cost associated with the purchase of the two new refuse compactors in the 2012/2013 financial year.

The following table compares current and proposed amounts payable from 1 July 2013:

Table 11 Comparison between current waste removal fees and increases

	Current Tariff	Proposed Tariff	Difference	%
	2012/2013	2013/2014	Per Annum	Difference
One removal per bin per week	Per Annum (R)	Per Annum (R)	Per month (R)	
Domestic 80ℓ container removed once a week	1830.00	1958.10	128.10	7.00
Domestic 240ℓ container removed once a week	1920.00	2054.40	134.40	7.00
Business/Commercial 80ℓ container removed twice a week	2380.00	2546.60	166.60	7.00
Business/Commercial 240ℓ container removed once a week	2617.75	2800.99	183.24	7.00

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 6 and 8 per cent, with the increase for indigent households 0 per cent due to full subsidization.

Table 12 MBRR Table SA14 – Household bills

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14 % incr.	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		163.50	108.84	117.17	128.92	128.92	128.92	5.4%	135.92	143.21	151.08
Electricity: Basic levy		190.59	230.61	265.20	183.60	183.60	183.60	14.7%	210.60	225.76	242.01
Electricity: Consumption		–	–	770.00	1 017.50	1 017.50	1 017.50	6.5%	1 084.00	1 162.05	1 245.71
Water: Basic levy		163.00	182.56	204.47	237.59	237.59	237.59	6.0%	251.85	265.45	279.78
Water: Consumption		19.15	21.45	24.00	27.90	27.90	27.90	5.9%	29.55	31.15	32.85
Sanitation		209.00	227.83	250.58	291.17	291.17	291.17	6.4%	309.80	326.53	344.16
Refuse removal		94.00	106.25	131.25	152.50	152.50	152.50	7.0%	163.18	171.99	181.27
Other		–	–	–	–	–	–	–	–	–	–
sub-total		839.24	877.54	1 762.67	2 039.18	2 039.18	2 039.18	7.1%	2 184.90	2 326.14	2 476.86
VAT on Services		94.60	107.62	230.37	267.44	267.44	267.44	7.3%	286.86	305.61	325.61
Total large household bill:		933.84	985.16	1 993.04	2 306.62	2 306.62	2 306.62	7.2%	2 471.76	2 631.75	2 802.47
% increase/-decrease			5.5%	102.3%	15.7%	–	–		7.2%	6.5%	6.5%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		109.00	50.01	53.83	55.25	55.25	55.25	5.4%	58.25	61.38	64.75
Electricity: Basic levy		190.59	230.61	265.20	183.60	183.60	183.60	14.7%	210.60	225.76	242.01
Electricity: Consumption		–	–	385.00	417.50	417.50	417.50	6.6%	445.00	477.04	511.39
Water: Basic levy		163.00	182.56	204.47	237.59	237.59	237.59	6.0%	251.85	265.45	279.78
Water: Consumption		–	–	–	–	–	–	–	–	–	–
Sanitation		209.00	227.83	250.58	291.17	291.17	291.17	6.4%	309.80	326.53	344.16
Refuse removal		94.00	106.25	131.25	152.50	152.50	152.50	7.0%	163.18	171.99	181.27
Other		–	–	–	–	–	–	–	–	–	–
sub-total		765.59	797.26	1 290.33	1 337.61	1 337.61	1 337.61	7.6%	1 438.68	1 528.15	1 623.36
VAT on Services		91.92	104.62	173.11	179.53	179.53	179.53	7.6%	193.26	205.35	218.21
Total small household bill:		857.51	901.88	1 463.44	1 517.14	1 517.14	1 517.14	7.6%	1 631.94	1 733.50	1 841.57
% increase/-decrease			5.2%	62.3%	3.7%	–	–		7.6%	6.2%	6.2%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		54.50	–	–	–	–	–	–	–	–	–
Electricity: Basic levy		190.59	230.61	265.20	183.60	183.60	183.60	14.7%	210.60	225.76	242.01
Electricity: Consumption		–	–	–	–	–	–	–	–	–	–
Water: Basic levy		163.00	182.56	204.47	237.59	237.59	237.59	6.0%	251.85	265.45	279.78
Water: Consumption		–	–	–	–	–	–	–	–	–	–
Sanitation		209.00	227.83	250.58	291.17	291.17	291.17	6.4%	309.80	326.53	344.16
Refuse removal		94.00	106.25	131.25	152.50	152.50	152.50	7.0%	163.18	171.99	181.27
Indigent Rebates		(656.59)	(747.25)	(851.50)	(864.86)	(864.86)	(864.86)	8.2%	(935.43)	(989.73)	(1 047.22)
sub-total		54.50	–	–	–	–	–	–	–	–	–
VAT on Services		–	–	–	–	–	–	–	–	–	–
Total small household bill:		54.50	–	–	–	–	–	–	–	–	–
% increase/-decrease			(100.0%)	–	–	–	–		–	–	–

1.5 Operating Expenditure Framework

Bitou Municipality's expenditure framework for the 2013/14 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- The financial recovery of the municipality to ensure the required funding levels are achieved and maintained.
- Addressing and finalizing legacy issues in order to focus on service delivery and financial sustainability
- Operational gains and efficiencies will be directed to ensure appropriate cash backing of statutory funds, provisions and reserves as well as funding the capital budget and other core services.

The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure):

Table 13 Summary of operating expenditure by standard classification item

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Expenditure By Type										
Employee related costs	89 656	102 158	100 822	111 061	111 939	111 939	111 939	126 829	135 012	143 766
Remuneration of councillors	2 992	2 993	3 735	4 374	4 173	4 173	4 173	4 415	4 701	4 979
Debt impairment	7 570	12 124	10 468	20 612	12 800	12 800	12 800	14 959	15 851	16 803
Depreciation & asset impairment	12 480	16 857	24 245	21 391	20 481	20 481	20 481	21 095	21 728	22 380
Finance charges	7 604	10 496	12 792	14 112	13 498	13 498	13 498	13 498	13 498	13 498
Bulk purchases	40 644	50 582	56 600	73 882	71 745	71 745	71 745	77 582	83 783	90 478
Other materials	–	–	–	2 890	2 822	2 822	2 822	3 083	3 247	3 509
Contracted services	10 128	8 472	10 999	20 124	21 129	21 129	21 129	19 593	21 443	21 997
Transfers and grants	422	169	632	3 380	2 350	2 350	2 350	2 630	3 240	3 480
Other expenditure	99 934	99 170	77 914	60 587	79 532	79 532	79 532	120 521	88 249	88 882
Loss on disposal of PPE	–	734	25	–	–	–	–	–	–	–
Total Expenditure	271 432	303 756	298 231	332 413	340 469	340 469	340 469	404 204	390 753	409 771

The budgeted allocation for employee related costs for the 2013/14 financial year totals R 126 Million, which equals 31.18 per cent of the total operating expenditure. Based on the collective SALGBC wage agreement, salary increases have been factored into this budget at a percentage increase of 6.85 per cent for the 2013/14 financial year. An annual increase of 6.4 per cent has been included for the 2014/2015 financial year and 6.5% for the 2015/2016 financial year

In order to ensure economic viability and to not overstretch the already limited financial resources, and cash management strategy vacancies have been significantly rationalized downwards. Only positions critical for service delivery have been budgeted for the 2013/2014 financial year.

The cost to fill the newly approved organizational structure was determined and is at this stage unaffordable in the current financial context.

The cost associated with the remuneration of public office bearers is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The remuneration cost of councilors is

partially subsidized through the equitable share allocation awarded to the municipality in terms of the division of revenue Act. An allocation in the amount of R2,070 Million is awarded to Bitou for the 2013/2014 financial year.

The provision of debt impairment was determined based on an annual collection rate of 95 per cent and the Debt Write-off Policy of the Municipality. The current collection rate equals 93% and it is anticipated that the recovery of debt, through the increase in debt collection action will increase to a level of 95% upon conclusion of the current financial year. The provision amounts to R 14,958,714 for the 2013/14 financial year.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate at which assets are consumed. Budget appropriations in this regard total R21,095 million for the 2013/14 financial and equates to 5.22 per cent of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 3.34 per cent (R13.49 million) of operating expenditure excluding annual redemption for 2013/14 and remains constant through the remainder of the MTREF. Bitou Municipality has nearly reached its prudential limits for borrowing and care needs to be taken to ensure that annual finance charges remains within the affordability threshold of ratepayers and consumers considering the prevailing economic circumstances.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditure includes distribution losses which currently equals 9.98% or approximately R8 Million at the increased purchase price. Water distribution losses as at 30 June 2012 amounted to 16.13% and a concerted effort is necessary to ensure the reduction of the losses to within acceptable norms.

Other materials comprise of amongst others the purchase of fuel, diesel, materials and spares for maintenance, cleaning materials and chemicals. In line with Bitou Municipality's repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of Bitou Municipality's infrastructure. For 2013/14 the appropriation against this group of expenditure has grown by 9.25 per cent (R261,000).

Contracted services relates to the provision of services by means of the appointment of service providers where the necessary in-house skills are not available or have not yet been adequately developed. Certain functions also require the contracting of specialist knowledge contracted from time to time due to the fact that the municipality cannot afford to employ experts on a full-time basis.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. The growth in other expenditure amounts to 50.57% for the 2013/14 financial year and reduces with 27.75% for the 2014/2015 year, where-after it remains constant for the 2015/2016 year. The main contributing factor to the excessive increase is the increase in the housing construction expenditure in the amount of R 38 Million from 2012/2013 to 2013/2014.

The following graph gives a breakdown of the main expenditure categories for the 2013/14 financial year.

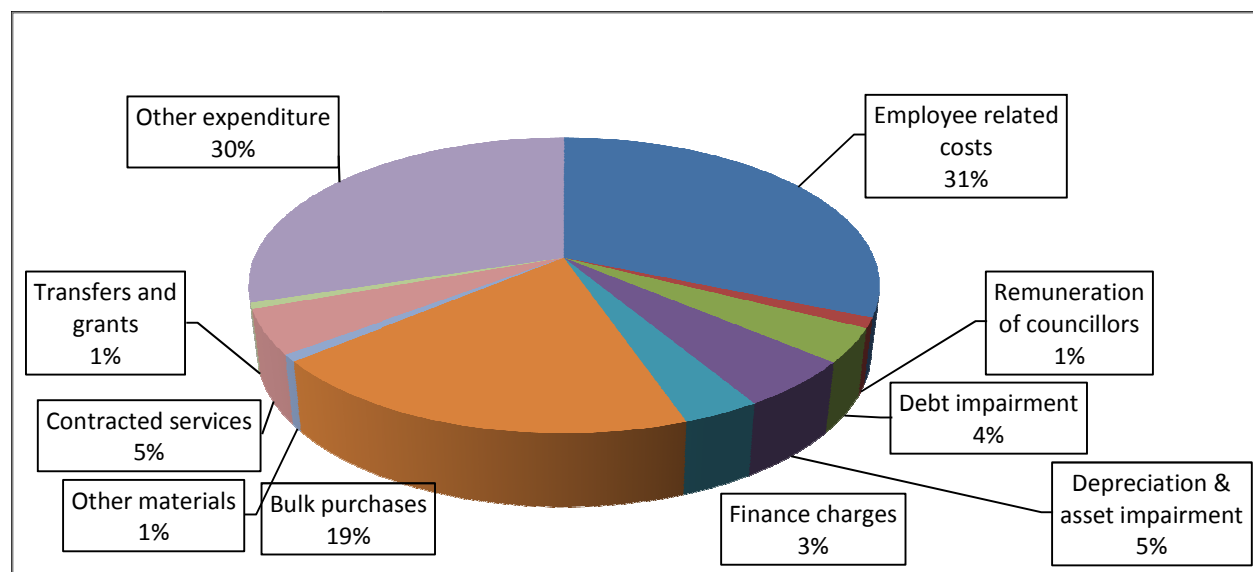


Figure 1 Main operational expenditure categories for the 2013/14 financial year

1.5.1 Priority given to repairs and maintenance

In order to ensure the health of the assets of the municipality and to prolong the useful lives, it is necessary to ensure that repairs and maintenance is adequately budgeted. Budget circular 66 cautions municipalities not to affect savings in repairs and maintenance to balance the budget but to ensure that sufficient budgetary allocation is made for this expenditure item. The following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 14 Operational repairs and maintenance

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Repairs and Maintenance	8										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure		16 915	14 897	10 269	13 267	11 990	11 990	11 990	13 675	13 854	15 470
Total Repairs and Maintenance Expenditure	9	16 915	14 897	10 269	13 267	11 990	11 990	11 990	13 675	13 854	15 470

Repairs and maintenance is increased by 14.05 per cent in the 2013/2014 financial year, from R11,990 million to R13,675 million. During the 2012/2013 Adjustment Budget this allocation was adjusted slightly downwards owing to the cash flow challenges faced by Bitou Municipality. Notwithstanding this reduction, as part of the 2013/14 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The allocation to

repairs and maintenance gradually increases over the MTREF and is reliant on the financial recovery of the municipality to be further supplemented.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 15 Repairs and maintenance per asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Depreciation & asset impairment	3		12 480	16 857	24 245	21 391	20 481	20 481	21 095	21 728	22 380
Repairs and Maintenance by Asset Class			16 915	14 897	10 269	13 267	11 990	11 990	13 675	13 854	15 470
Infrastructure - Road transport			2 189	861	1 793	1 442	1 357	1 357	1 480	1 675	1 765
Infrastructure - Electricity			1 290	1 300	1 688	1 386	1 746	1 746	1 752	1 855	2 056
Infrastructure - Water			949	341	31	1 999	593	593	831	971	1 030
Infrastructure - Sanitation			1 675	1 324	959	1 725	1 920	1 920	2 478	2 226	2 375
Infrastructure - Other			748	2 117	881	650	650	650	690	700	710
Infrastructure			6 851	5 941	5 352	7 212	6 268	6 268	7 232	7 426	7 937
Community		2 559	3 024	2 010	2 564	2 402	2 402	1 609	1 699	1 796	
Heritage assets		-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	
Other assets	6, 7	7 505	5 932	2 908	3 491	3 320	3 320	4 834	4 728	5 738	
TOTAL EXPENDITURE OTHER ITEMS		29 396	31 754	34 514	34 657	32 471	32 471	34 770	35 582	37 850	

For the 2013/14 financial year, 52.8 per cent or R 7,232 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totaling 24.25 per cent (R1,752 million), road infrastructure 20.46 per cent (R1,480 million), sanitation 34.26 per cent (R2,478) million and water 11.5 per cent (R831,000). Community assets have been allocated R 1,609 million of total repairs and maintenance equating to 22.24 per cent.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of Bitou Municipality's Indigent Policy. It is estimated that between 5000 and 6000 households will receive subsidy on tariffs and rates in the 2013/2014 financial year, either by means of the full basket of services given as Indigent subsidies or in terms of the property value threshold where owners of properties with a value of less than R350,000 qualify for services at sub-economic tariffs. The estimated expenditure on free and subsidized services, inclusive of assessment rate rebates will amount to R24 Million for the 2013/2014 financial year.

The results of Census 2011 has also shown that the population of Bitou have significantly increased over the last 10 years, making it the fourth fastest growing area, measured by population in the country from census to census. The indigent process is one of self-registration therefore households needing assistance must annually apply for the subsidy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as

basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement)

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 16 2013/14 Medium-term capital budget per vote

Vote Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Council		—	—	—	—	—	—	—	—	—	—
Vote 2 - Office of the Municipal Manager		—	—	—	—	—	—	—	—	—	—
Vote 3 - Community Services		10 048	9 643	3 302	4 300	400	400	400	5 986	7 129	7 000
Vote 4 - Corporate Services		—	—	—	—	—	—	—	—	—	—
Vote 5 - Financial Services		—	—	—	—	—	—	—	—	1 000	1 000
Vote 6 - Planning and Economic Dev.		—	—	—	—	—	—	—	—	—	—
Vote 7 - Infrastructure Services		18 590	17 839	6 108	7 955	15 955	15 955	15 955	19 509	10 609	—
Capital multi-year expenditure sub-total	7	28 638	27 482	9 409	12 255	16 355	16 355	16 355	25 495	18 738	8 000
Single-year expenditure to be appropriated	2										
Vote 1 - Council		—	—	—	—	40	40	40	—	—	—
Vote 2 - Office of the Municipal Manager		—	—	—	—	12	12	12	147	—	—
Vote 3 - Community Services		68	65	22	29	6 415	6 415	6 415	12 556	12 520	15 876
Vote 4 - Corporate Services		—	—	—	—	150	150	150	682	—	—
Vote 5 - Financial Services		—	—	—	—	60	60	60	495	—	—
Vote 6 - Planning and Economic Dev.		8 179	7 849	2 687	3 500	470	470	470	426	—	—
Vote 7 - Infrastructure Services		71 722	68 826	23 565	30 692	35 873	35 873	35 873	4 225	11 924	23 327
Capital single-year expenditure sub-total		79 970	76 740	26 275	34 221	43 020	43 020	43 020	18 531	24 444	39 203
Total Capital Expenditure - Vote		108 608	104 221	35 684	46 476	59 375	59 375	59 375	44 026	43 182	47 203

An amount of R 26,461million has been appropriated for the development of infrastructure which represents 60.1 per cent of the total capital budget.

Total new assets represent 68.12 cent or R 29,992 million of the total capital budget while asset renewal equates to 31.88 per cent or R 14,034 million. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital program relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Following a list of projects to be undertaken over the medium-term:

AIR CONDITIONERS	130 000
BOOK DETECTION SYSTEM	350 000

ELECTIFICATION:HOUSING PROGRAM	2 631 579
FIRE HYDRANTS	155 000
HIGH MAST LIGHTS	3 361 053
KEURBOOMS WATER SUPPLY AND ABSTRACTION	3 421 628
KURLAND TREATMENT WORKS	515 000
KWANO OUTFALL SEWER	2 955 263
LAND AND BUILDINGS	1 483 700
METER READING SYSTEM	350 000
MINI SUBS	500 000
NATURES VALLEY OZONE PLANT	250 000
RELOCATION OF P/S -POORTJIES (5 118 491
RETICULATION UPGRADES AND REPLACEMENTS	1 400 000
SERVICES LINKED TO HOUSING PROGRAM	34 666 667
SHELVING	10 000
STORM WATER IMPROVEMENTS	1 600 000
SUBSTATIONS - UPGRADES AND REPLACEMENTS	1 270 000
SUPPLY TO KWANOKUTHULA & SURROUNDS	8 437 145
TOOLS AND EQUIPMENT	1 063 834
UPGRADE MV CABLES PLETT	500 000
UPGRADE OF MUNICIPAL BUIDLINGS	1 000 000
COMPUTER EQUIPMENT 1	818 866
FURNITURE AND EQUIPMENT 1	910 100
ESTABLISHMENT OF NEW CEMETARY 1	250 000
REHABILITATION OF STREETS 1	4 000 000
TAXI ROUTE - GRANT	6 185 438
WASTE TRANSFER STATION - GRANT	4 385 965
RELOCATION OF P/S -POORTJIES 2	4 000 000
REHABILITATION OF STREETS 3	7 894 736
TRANSFORMERS - GRANT	4 385 965
UPGRADE OF SPORTS FACILITIES - MIG	2 631 579
STORM WATER IMPROVEMENTS 3	2 982 456
ROODEFONTEIN DAM UPGRADES 3	6 795 614
LAND AND BUILDINGS 2	3 300 000
ESTABLISHMENT OF NEW CEMETARY	1 300 000
PARKING FACILITIES 2	215 000
PARKING FACILITIES	85 000
WATER MANAGEMENT DEVICES	2 000 000
WASTE TRANSFER STATION	10 000 000
UPGRADE SEWER PUMP STATIONS AND REPLACEMENTS	600 000
MINI SUBS 2	500 000
GRAND TOTAL MTREF (3 YEARS)	134 410 079

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

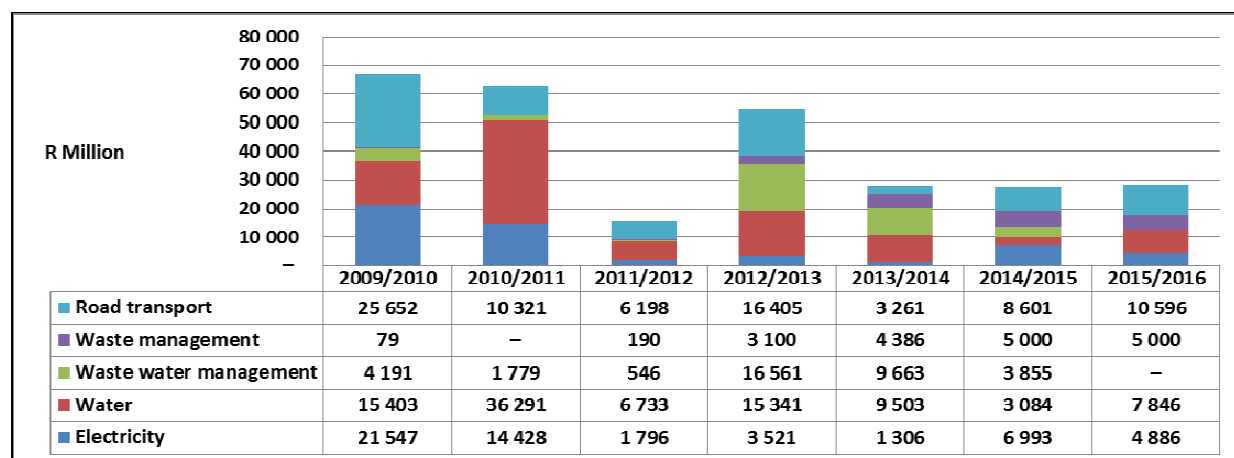


Figure 2 Capital Infrastructure Program

1.7 Annual Budget Tables - Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 17 MBRR Table A1 - Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousands										
Financial Performance										
Property rates	57 244	65 919	69 891	86 219	85 562	85 562	85 562	92 547	97 366	102 546
Service charges	118 207	141 756	163 224	177 655	177 584	177 584	177 584	192 923	205 156	218 181
Investment revenue	3 917	1 184	1 614	506	2 950	2 950	2 950	1 770	1 500	1 650
Transfers recognised - operational	62 329	46 392	32 113	38 632	56 255	56 255	56 255	102 052	76 201	87 196
Other own revenue	26 594	15 419	13 800	27 200	15 971	15 971	15 971	13 056	13 634	14 103
Total Revenue (excluding capital transfers and contributions)	268 290	270 669	280 642	330 212	338 322	338 322	338 322	402 348	393 857	423 676
Employee costs	89 656	102 158	100 822	111 061	111 939	111 939	111 939	126 742	134 922	143 671
Remuneration of councillors	2 992	2 993	3 735	4 374	4 173	4 173	4 173	4 415	4 701	4 979
Depreciation & asset impairment	12 480	16 857	24 245	21 391	20 481	20 481	20 481	21 095	21 728	22 380
Finance charges	7 604	10 496	12 792	14 112	13 498	13 498	13 498	13 498	13 498	13 498
Materials and bulk purchases	40 644	50 582	56 600	76 772	74 567	74 567	74 567	80 665	87 030	93 987
Transfers and grants	422	169	632	3 380	2 350	2 350	2 350	2 630	3 240	3 480
Other expenditure	117 633	120 501	99 405	101 323	113 462	113 462	113 462	155 159	125 634	127 777
Total Expenditure	271 432	303 756	298 231	332 413	340 469	340 469	340 469	404 204	390 753	409 771
Surplus/(Deficit)	(3 142)	(33 087)	(17 589)	(2 201)	(2 147)	(2 147)	(2 147)	(1 856)	3 105	13 905
Transfers recognised - capital	24 910	61 215	26 697	22 976	42 575	42 575	42 575	36 447	35 471	39 412
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	21 768	28 128	9 108	20 775	40 428	40 428	40 428	34 590	38 576	53 317
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	21 768	28 128	9 108	20 775	40 428	40 428	40 428	34 590	38 576	53 317
Capital expenditure & funds sources										
Capital expenditure	108 608	104 221	35 684	46 476	59 375	59 375	59 375	44 026	43 182	47 203
Transfers recognised - capital	50 958	51 043	11 962	22 976	45 575	45 575	45 575	32 026	31 182	34 703
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	28 598	17 296	5 520	20 000	13 310	13 310	13 310	10 000	10 000	10 000
Internally generated funds	29 051	35 883	18 202	3 500	490	490	490	2 000	2 000	2 500
Total sources of capital funds	108 608	104 221	35 684	46 476	59 375	59 375	59 375	44 026	43 182	47 203
Financial position										
Total current assets	59 433	66 149	75 152	45 458	59 489	59 489	59 489	80 279	118 213	167 962
Total non current assets	551 029	638 930	650 655	694 482	689 549	689 875	689 875	713 017	734 697	759 765
Total current liabilities	80 411	123 118	97 889	87 798	72 324	72 324	72 324	64 338	66 693	62 192
Total non current liabilities	121 911	142 769	179 619	183 124	179 619	179 619	179 619	182 169	191 789	201 344
Community wealth/Equity	408 139	439 193	448 301	469 018	497 096	497 422	497 422	546 790	594 429	664 191
Cash flows										
Net cash from (used) operating	43 760	88 865	26 619	33 641	33 868	33 868	33 868	57 867	77 787	94 148
Net cash from (used) investing	(108 321)	(101 622)	(35 911)	(35 306)	(46 406)	(46 406)	(46 406)	(39 623)	(38 864)	(42 482)
Net cash from (used) financing	23 331	12 836	21 228	10 467	10 467	10 467	10 467	(740)	(1 513)	(2 421)
Cash/cash equivalents at the year end	16 604	16 684	28 620	3 849	26 549	26 549	26 549	44 053	81 463	130 707
Cash backing/surplus reconciliation										
Cash and investments available	20 273	20 655	32 895	7 832	28 046	28 372	28 372	48 945	86 663	136 203
Application of cash and investments	78 213	116 822	106 947	107 932	94 223	94 550	94 550	100 227	115 238	123 469
Balance - surplus (shortfall)	(57 939)	(96 167)	(74 052)	(100 100)	(66 178)	(66 178)	(66 178)	(51 282)	(28 576)	12 734
Asset management										
Asset register summary (WDV)	546 986	634 668	646 169	690 312	685 062	685 062	707 993	707 993	729 446	754 269
Depreciation & asset impairment	12 480	16 857	24 245	21 391	20 481	20 481	21 095	21 095	21 728	22 380
Renewal of Existing Assets	-	-	11 376	21 621	19 850	19 850	19 850	14 103	8 887	22 173
Repairs and Maintenance	16 915	14 897	10 269	13 267	11 990	11 990	13 675	13 675	13 854	15 470
Free services										
Cost of Free Basic Services provided	5 833	7 294	8 023	11 096	11 096	11 304	11 099	11 099	11 571	12 066
Revenue cost of free services provided	6 168	7 938	9 545	16 583	4 109	113 294	3 306	3 306	3 562	3 794
Households below minimum service level										
Water:	0	0	0	0	0	0	0	0	0	0
Sanitation/sewerage:	0	1	1	1	1	1	0	0	0	0
Energy:	3	4	1	4	4	4	4	4	4	5
Refuse:	0	0	0	0	0	0	0	0	0	0

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of Bitou Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasizes the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognized is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from the anticipated operating surplus to be realized at 30 June 2013. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This is placing the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council needs to take a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back may exceed the MTREF as service delivery requirements also need to receive the appropriate attention.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase.

Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Revenue - Standard										
Governance and administration		91 290	89 541	94 158	126 947	117 195	117 195	129 196	144 494	166 573
Executive and council		20 716	20 540	22 150	42 000	31 742	31 742	1 450	500	550
Budget and treasury office		60 338	68 357	71 108	84 204	84 683	84 683	90 562	95 532	100 662
Corporate services		10 236	644	900	744	770	770	37 184	48 462	65 361
Community and public safety		52 078	41 794	18 684	27 197	51 473	51 473	88 007	52 767	47 900
Community and social services		242	399	2 500	3 938	4 210	4 210	5 789	6 159	6 552
Sport and recreation		824	237	1 916	1 444	3 954	3 954	578	606	637
Public safety		6 159	6 533	5 995	6 029	4 797	4 797	5 356	5 619	5 606
Housing		44 854	34 625	8 273	15 786	38 512	38 512	76 284	40 384	35 105
Health		—	—	—	—	—	—	—	—	—
Economic and environmental services		3 148	12 362	15 515	2 308	6 361	6 361	2 534	1 464	1 537
Planning and development		3 148	12 362	15 213	2 262	5 817	5 817	1 394	1 464	1 537
Road transport		—	—	302	46	545	545	1 140	—	—
Environmental protection		—	—	—	—	—	—	—	—	—
Trading services		145 671	187 998	178 792	196 492	205 668	205 668	218 861	230 566	247 039
Electricity		67 513	87 015	90 027	95 638	97 111	97 111	103 569	113 938	123 899
Water		44 267	59 825	43 253	46 524	47 205	47 205	51 567	55 536	58 733
Waste water management		22 936	27 400	29 327	34 069	41 942	41 942	42 722	38 954	41 074
Waste management		10 955	13 758	16 184	20 260	19 410	19 410	21 004	22 138	23 334
Other	4	1 013	189	189	243	199	199	196	38	40
Total Revenue - Standard	2	293 201	331 884	307 339	353 188	380 896	380 896	438 794	429 328	463 088
Expenditure - Standard										
Governance and administration		84 556	92 934	95 637	89 014	90 110	90 110	93 120	98 594	103 295
Executive and council		46 980	53 808	56 940	34 638	37 866	37 866	30 403	31 868	33 020
Budget and treasury office		18 073	17 139	18 189	30 515	29 110	29 110	20 662	22 146	23 511
Corporate services		19 502	21 988	20 508	23 861	23 135	23 135	42 055	44 580	46 764
Community and public safety		60 932	71 124	52 926	63 081	75 986	75 986	119 535	86 612	84 827
Community and social services		5 319	8 162	7 884	11 145	11 490	11 490	12 367	13 085	13 643
Sport and recreation		11 926	14 302	14 277	17 720	14 771	14 771	16 516	17 389	18 441
Public safety		12 503	17 482	17 562	20 508	19 178	19 178	22 578	23 713	25 106
Housing		31 184	31 147	13 185	13 699	30 546	30 546	68 074	32 426	27 637
Health		—	30	18	9	—	—	—	—	—
Economic and environmental services		27 106	24 736	24 357	25 680	28 040	28 040	29 876	30 705	32 276
Planning and development		10 559	7 852	7 375	8 852	10 789	10 789	11 611	12 208	12 959
Road transport		16 547	16 885	16 982	16 828	17 251	17 251	18 265	18 497	19 318
Environmental protection		—	—	—	—	—	—	—	—	—
Trading services		91 386	109 491	121 514	150 043	141 856	141 856	158 788	171 597	185 886
Electricity		53 465	65 455	70 246	89 525	87 266	87 266	97 414	107 686	118 555
Water		16 455	18 716	19 956	22 944	21 212	21 212	25 823	26 606	28 217
Waste water management		10 028	11 594	17 779	18 311	16 228	16 228	15 800	16 463	17 168
Waste management		11 437	13 727	13 534	19 263	17 150	17 150	19 751	20 841	21 946
Other	4	7 452	5 470	3 798	4 595	4 476	4 476	2 884	3 244	3 487
Total Expenditure - Standard	3	271 432	303 756	298 231	332 413	340 469	340 469	404 204	390 753	409 771
Surplus/(Deficit) for the year		21 768	28 128	9 108	20 775	40 428	40 428	34 590	38 576	53 317

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water as well as waste management function. Administrative functions have not been charged to the respective service delivery departments and what seems to be excessive surpluses will be absorbed by the allocation of administrative and other overhead cost associated with governance.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 19 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote	1									
Vote 1 - Council		–	–	–	–	–	–	–	–	–
Vote 2 - Office of the Municipal Manager		20 716	20 540	22 150	42 000	31 742	31 742	37 281	47 476	64 294
Vote 3 - Community Services		63 034	55 552	34 868	47 457	70 883	70 883	109 011	74 905	71 233
Vote 4 - Corporate Services		1 401	428	591	460	409	409	454	347	400
Vote 5 - Financial Services		60 338	68 357	71 108	84 204	84 683	84 683	91 072	96 093	101 274
Vote 6 - Planning and Economic Dev.		12 996	12 768	15 712	2 789	6 377	6 377	1 979	2 079	2 182
Vote 7 - Infrastructure Services		134 716	174 240	162 910	176 278	186 802	186 802	198 997	208 428	223 705
Total Revenue by Vote	2	293 201	331 884	307 339	353 188	380 896	380 896	438 794	429 328	463 088
Expenditure by Vote to be appropriated	1									
Vote 1 - Council		7 758	6 518	7 439	7 858	6 899	6 899	5 322	5 658	6 015
Vote 2 - Office of the Municipal Manager		32 440	42 304	43 956	23 426	25 710	25 710	25 878	27 467	28 265
Vote 3 - Community Services		72 369	84 820	66 442	82 335	93 136	93 136	140 648	108 905	108 319
Vote 4 - Corporate Services		24 018	23 736	21 297	22 728	23 943	23 943	24 726	25 841	27 295
Vote 5 - Financial Services		18 073	17 139	18 189	30 515	29 110	29 110	28 803	30 929	32 691
Vote 6 - Planning and Economic Dev.		19 191	15 595	14 582	16 501	18 280	18 280	18 416	19 408	20 440
Vote 7 - Infrastructure Services		97 583	113 645	126 326	149 051	143 392	143 392	160 410	172 544	186 746
Total Expenditure by Vote	2	271 432	303 756	298 231	332 413	340 469	340 469	404 204	390 753	409 771
Surplus/(Deficit) for the year	2	21 768	28 128	9 108	20 775	40 428	40 428	34 590	38 576	53 317

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of Bitou Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 20 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source											
Property rates	2	54 912	63 139	66 730	82 912	82 255	82 255	82 255	89 247	94 066	99 146
Property rates - penalties & collection charges		2 332	2 780	3 162	3 306	3 306	3 306	3 306	3 300	3 300	3 400
Service charges - electricity revenue	2	62 219	74 500	88 977	94 443	93 555	93 555	93 555	102 415	109 761	117 635
Service charges - water revenue	2	23 227	28 256	29 979	31 491	32 197	32 197	32 197	34 338	36 193	38 147
Service charges - sanitation revenue	2	21 834	25 259	28 085	32 497	32 412	32 412	32 412	35 165	37 054	39 066
Service charges - refuse revenue	2	10 927	13 742	16 184	19 224	19 410	19 410	19 410	21 004	22 138	23 334
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		1 417	901	763	2 060	1 181	1 181	1 181	1 213	1 104	1 153
Interest earned - external investments		3 917	1 184	1 614	506	2 950	2 950	2 950	1 770	1 500	1 650
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		5 412	5 725	5 144	4 988	3 600	3 600	3 600	4 107	4 308	4 209
Licences and permits		27	61	94	240	75	75	75	74	77	81
Agency services		-	-	761	850	1 150	1 150	1 150	1 208	1 288	1 350
Transfers recognised - operational		62 329	46 392	32 113	38 632	56 255	56 255	56 255	102 052	76 201	87 196
Other revenue	2	19 418	8 732	6 647	7 953	9 955	9 955	9 955	6 455	6 877	7 311
Gains on disposal of PPE		321	-	391	11 100	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		268 290	270 669	280 642	330 212	338 322	338 322	338 322	402 348	393 857	423 676
Expenditure By Type											
Employee related costs	2	89 656	102 158	100 822	111 061	111 939	111 939	111 939	126 742	134 922	143 671
Remuneration of councillors		2 992	2 993	3 735	4 374	4 173	4 173	4 173	4 415	4 701	4 979
Debt impairment	3	7 570	12 124	10 468	20 612	12 800	12 800	12 800	14 959	15 851	16 803
Depreciation & asset impairment	2	12 480	16 857	24 245	21 391	20 481	20 481	20 481	21 035	21 728	22 380
Finance charges		7 604	10 496	12 792	14 112	13 498	13 498	13 498	13 498	13 498	13 498
Bulk purchases	2	40 644	50 582	56 600	73 882	71 745	71 745	71 745	77 582	83 783	90 478
Other materials	8	-	-	-	2 880	2 822	2 822	2 822	3 083	3 247	3 509
Contracted services		10 128	8 472	10 999	20 124	21 129	21 129	21 129	19 593	21 443	21 997
Transfers and grants		422	169	632	3 380	2 350	2 350	2 350	2 630	3 240	3 480
Other expenditure	4, 5	99 934	99 170	77 914	60 587	79 532	79 532	79 532	120 607	88 340	88 977
Loss on disposal of PPE		-	734	25	-	-	-	-	-	-	-
Total Expenditure		271 432	303 756	298 231	332 413	340 469	340 469	340 469	404 204	390 753	409 771
Surplus/(Deficit)		(3 142)	(33 087)	(17 589)	(2 201)	(2 147)	(2 147)	(2 147)	(1 856)	3 105	13 905
Transfers recognised - capital		24 910	61 215	26 697	22 976	42 575	42 575	42 575	36 447	36 471	39 412
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		21 768	28 128	9 108	20 775	40 428	40 428	40 428	34 590	38 576	53 317
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		21 768	28 128	9 108	20 775	40 428	40 428	40 428	34 590	38 576	53 317
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		21 768	28 128	9 108	20 775	40 428	40 428	40 428	34 590	38 576	53 317
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		21 768	28 128	9 108	20 775	40 428	40 428	40 428	34 590	38 576	53 317

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R403.2 million in 2013/14 and escalates to R423.6 million by 2015/16. This represents a year-on-year decrease of 2.11 per cent for the 2014/15 financial year and an increase of 7.57 per cent for the 2015/16 financial year.
2. Revenue to be generated from property rates is R89.2 million in the 2013/14 financial year and increases to R99.1million by 2015/16 which represents 23.2 per cent of the operating revenue base of Bitou Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 5.5 per cent, 5.4 per cent and 5.4 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of Bitou Municipality totaling R206.60 million for the 2013/14 financial year and increasing to R233.5 million by 2015/16. For the 2013/14 financial year services charges amount to 48.56 per cent of the total revenue base.
4. Transfers recognized – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that the reduction in the operating grants from 2013/2014 to 2014/2015 is as a result in the reduction of the housing allocation. The equitable share increases by 26.7% for the 2013/2014 year and by 38.5% and 40.2% for the 2014/2015 and 2015/2016 year respectively.
5. The following graph illustrates the major expenditure items per type.

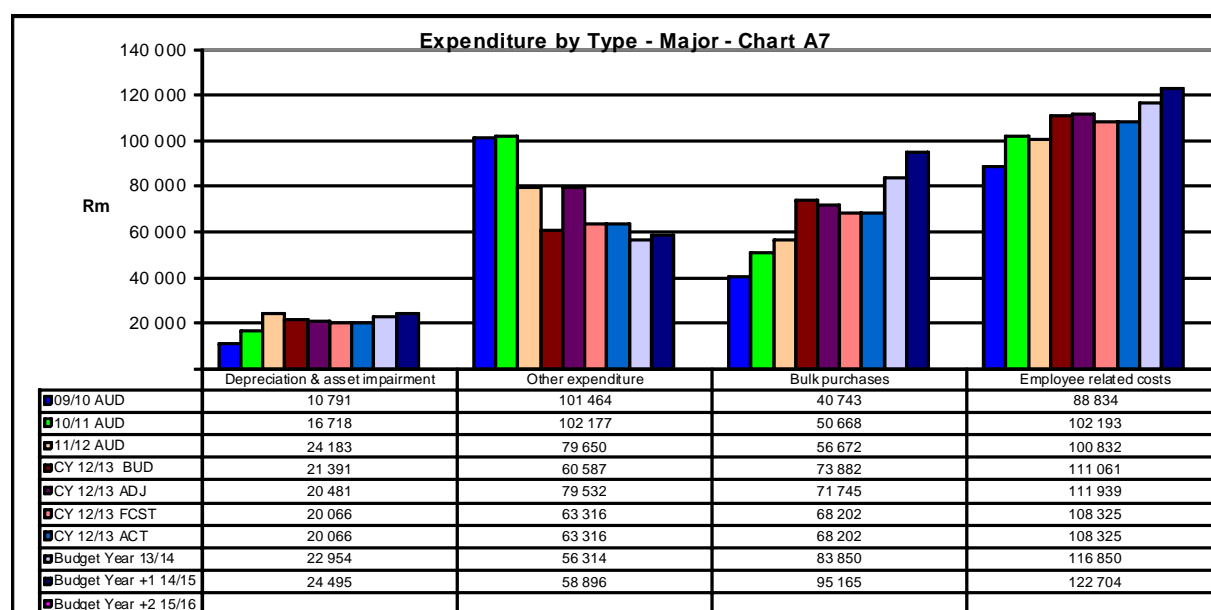


Figure 3 Expenditure by major type

6. Bulk purchases have significantly increased over the 2012/2013 to 2015/2016 period escalating from R71.7 Million to R90.4 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 21 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Council		—	—	—	—	—	—	—	—	—	—
Vote 2 - Office of the Municipal Manager		—	—	—	—	—	—	—	—	—	—
Vote 3 - Community Services		10 048	9 643	3 302	4 300	400	400	400	5 986	7 129	7 000
Vote 4 - Corporate Services		—	—	—	—	—	—	—	—	—	—
Vote 5 - Financial Services		—	—	—	—	—	—	—	—	1 000	1 000
Vote 6 - Planning and Economic Dev.		—	—	—	—	—	—	—	—	—	—
Vote 7 - Infrastructure Services		18 590	17 839	6 108	7 955	15 955	15 955	15 955	19 509	10 609	—
Capital multi-year expenditure sub-total	7	28 638	27 482	9 409	12 255	16 355	16 355	16 355	25 495	18 738	8 000
Single-year expenditure to be appropriated	2										
Vote 1 - Council		—	—	—	—	40	40	40	—	—	—
Vote 2 - Office of the Municipal Manager		—	—	—	—	12	12	12	147	—	—
Vote 3 - Community Services		68	65	22	29	6 415	6 415	6 415	12 556	12 520	15 876
Vote 4 - Corporate Services		—	—	—	—	150	150	150	682	—	—
Vote 5 - Financial Services		—	—	—	—	60	60	60	495	—	—
Vote 6 - Planning and Economic Dev.		8 179	7 849	2 687	3 500	470	470	470	426	—	—
Vote 7 - Infrastructure Services		71 722	68 826	23 565	30 692	35 873	35 873	35 873	4 225	11 924	23 327
Capital single-year expenditure sub-total		79 970	76 740	26 275	34 221	43 020	43 020	43 020	18 531	24 444	39 203
Total Capital Expenditure - Vote		108 608	104 221	35 684	46 476	59 375	59 375	59 375	44 026	43 182	47 203
Capital Expenditure - Standard											
Governance and administration		5 649	12 418	2 807	3 500	712	712	712	1 347	1 000	1 000
Executive and council		298	126	43	—	112	112	112	128	—	—
Budget and treasury office		5 351	12 292	2 434	—	—	—	—	417	1 000	1 000
Corporate services		—	—	330	3 500	600	600	600	802	—	—
Community and public safety		34 292	28 957	17 386	29	3 715	3 715	3 715	14 156	14 649	17 876
Community and social services		4 143	4 640	9 625	—	455	455	455	1 799	795	1 065
Sport and recreation		1 278	6 185	2	29	3 260	3 260	3 260	23	—	2 822
Public safety		1 441	1 411	759	—	—	—	—	588	2 450	2 410
Housing		27 431	16 721	7 000	—	—	—	—	11 747	11 404	11 579
Health		—	—	—	—	—	—	—	—	—	—
Economic and environmental services		27 223	10 347	6 226	6 749	16 425	16 425	16 425	3 664	8 601	10 596
Planning and development		1 571	26	28	—	20	20	20	403	—	—
Road transport		25 652	10 321	6 198	6 749	16 405	16 405	16 405	3 261	8 601	10 596
Environmental protection		—	—	—	—	—	—	—	—	—	—
Trading services		41 220	52 499	9 265	36 198	38 523	38 523	38 523	24 859	18 932	17 732
Electricity		21 547	14 428	1 796	9 500	3 521	3 521	3 521	1 306	6 993	4 886
Water		15 403	36 291	6 733	15 391	15 341	15 341	15 341	9 503	3 084	7 846
Waste water management		4 191	1 779	546	7 007	16 561	16 561	16 561	9 663	3 855	—
Waste management		79	—	190	4 300	3 100	3 100	3 100	4 386	5 000	5 000
Other		224	—	—	—	—	—	—	—	—	—
Total Capital Expenditure - Standard	3	108 608	104 221	35 684	46 476	59 375	59 375	59 375	44 026	43 182	47 203
Funded by:											
National Government		50 958	51 043	11 962	15 368	28 803	28 803	28 803	19 895	19 233	22 059
Provincial Government		—	—	—	7 608	13 772	13 772	13 772	12 131	11 949	12 644
District Municipality		—	—	—	—	—	—	—	—	—	—
Other transfers and grants		—	—	—	—	3 000	3 000	3 000	—	—	—
Transfers recognised - capital	4	50 958	51 043	11 962	22 976	45 575	45 575	45 575	32 026	31 182	34 703
Public contributions & donations	5	—	—	—	—	—	—	—	—	—	—
Borrowing	6	28 598	17 296	5 520	20 000	13 310	13 310	13 310	10 000	10 000	10 000
Internally generated funds		29 051	35 883	18 202	3 500	490	490	490	2 000	2 000	2 500
Total Capital Funding	7	108 608	104 221	35 684	46 476	59 375	59 375	59 375	44 026	43 182	47 203

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations. Multi-year projects are those projects that will not be commissioned at the end of the financial year but will stretch over more than one financial year.
3. Single-year capital expenditure has been appropriated at R44,025 million for the 2013/14 financial year and remains relatively constant over the MTREF at levels of R43,182 million and R47,202 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of Bitou Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital program is funded from capital and provincial grants and transfers, borrowing and internally generated funds from current year anticipated surpluses. For 2013/14, capital transfers totals R32.025 million (72.74 per cent) and escalates to R34.7 million by 2015/16 (73.5 per cent). Borrowing has been provided at R30 million over the MTREF with internally generated funding totaling R6.5 million for the 3 years of the MTREF.

Table 22 MBRR Table A6 - Budgeted Financial Position

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
ASSETS											
Current assets											
Cash		11 495	6 493	1 576	3 860	7 037	7 037	7 037	9 063	11 463	10 707
Call investment deposits	1	5 109	10 191	27 044	—	16 734	16 734	16 734	35 000	70 000	120 000
Consumer debtors	1	25 820	36 252	43 298	28 635	31 418	31 418	31 418	31 418	31 418	31 418
Other debtors		14 216	11 034	1 326	10 438	2 315	2 315	2 315	2 315	2 315	2 315
Current portion of long-term receivables		—	—	—	75	78	78	78	79	81	52
Inventory	2	2 793	2 180	1 908	2 450	1 908	1 908	1 908	2 415	2 936	3 471
Total current assets		59 433	66 149	75 152	45 458	59 489	59 489	59 489	80 279	118 213	167 962
Non current assets											
Long-term receivables		—	—	—	161	212	212	212	133	52	—
Investments		3 669	3 972	4 275	3 972	4 275	4 601	4 601	4 892	5 199	5 496
Investment property		97 580	97 422	97 254	91 817	97 254	97 254	97 254	97 087	96 919	96 752
Investment in Associate		—	—	—	—	—	—	—	—	—	—
Property, plant and equipment	3	441 017	527 958	544 149	589 742	583 042	583 042	583 042	606 711	628 892	654 431
Agricultural		—	—	—	—	—	—	—	—	—	—
Biological		—	—	—	—	—	—	—	—	—	—
Intangible		8 379	9 287	4 766	8 753	4 766	4 766	4 766	4 195	3 635	3 085
Other non-current assets		373	291	212	38	—	—	—	—	—	—
Total non current assets		551 029	638 930	650 655	694 482	689 549	689 875	689 875	713 017	734 697	739 765
TOTAL ASSETS		610 461	705 079	725 808	739 941	749 038	749 365	749 365	793 297	852 910	927 727
LIABILITIES											
Current liabilities											
Bank overdraft	1	—	—	—	—	—	—	—	—	—	—
Borrowing	4	4 637	7 861	9 444	11 410	9 444	9 444	9 444	11 054	11 842	12 768
Consumer deposits		3 948	4 282	4 477	4 902	4 477	4 477	4 477	4 791	5 120	5 467
Trade and other payables	4	60 392	96 468	68 363	57 950	57 553	57 553	57 553	46 893	48 838	43 514
Provisions		11 435	14 517	15 605	13 536	860	860	860	1 600	893	443
Total current liabilities		80 411	123 118	97 889	87 798	72 324	72 324	72 324	64 338	66 693	62 192
Non current liabilities											
Borrowing		85 372	94 754	114 195	123 155	114 195	114 195	114 195	105 081	102 313	98 710
Provisions		36 538	48 014	65 424	59 959	65 424	65 424	65 424	77 088	89 476	102 634
Total non current liabilities		121 911	142 769	179 619	183 124	179 619	179 619	179 619	182 169	191 789	201 344
TOTAL LIABILITIES		202 322	265 887	277 507	270 922	251 942	251 942	251 942	246 507	258 481	263 536
NET ASSETS	5	408 139	439 193	448 301	469 018	497 096	497 422	497 422	546 790	594 429	664 191
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		406 037	437 851	448 301	460 177	497 096	497 422	497 422	544 790	591 429	660 691
Reserves	4	2 102	1 342	—	8 842	—	—	—	2 000	3 000	3 500
Minorities' interests		—	—	—	—	—	—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	5	408 139	439 193	448 301	469 018	497 096	497 422	497 422	546 790	594 429	664 191

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (Table SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 23 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		181 006	224 069	245 144	259 292	259 292	259 292	259 292	284 253	301 030	318 794
Government - operating	1	62 329	46 392	32 113	38 632	38 632	38 632	38 632	102 052	76 201	87 196
Government - capital	1	24 910	61 215	26 697	22 976	22 976	22 976	22 976	36 447	35 471	39 412
Interest		3 917	3 964	4 775	506	506	506	506	1 770	1 500	1 650
Dividends		—	—	—	—	—	—	—	—	—	—
Payments											
Suppliers and employees		(220 797)	(236 268)	(258 320)	(270 273)	(270 046)	(270 046)	(270 046)	(350 848)	(320 013)	(336 266)
Finance charges		(7 604)	(10 496)	(12 792)	(14 112)	(14 112)	(14 112)	(14 112)	(13 228)	(13 228)	(13 228)
Transfers and Grants	1	—	—	(10 999)	(3 380)	(3 380)	(3 380)	(3 380)	(2 577)	(3 175)	(3 410)
NET CASH FROM/(USED) OPERATING ACTIVITIES		43 760	88 865	26 619	33 641	33 868	33 868	33 868	57 867	77 787	94 148
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		321	2 815	—	11 100	—	—	—	—	—	—
Decrease (increase) in non-current debtors		269	—	—	—	—	—	—	—	—	—
Decrease (increase) other non-current receivables		—	88	77	70	70	70	70	—	—	—
Decrease (increase) in non-current investments		(303)	(302)	(303)	—	—	—	—	—	—	—
Payments											
Capital assets		(108 608)	(104 221)	(36 684)	(46 476)	(46 476)	(46 476)	(46 476)	(39 623)	(38 864)	(42 482)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(108 321)	(101 622)	(35 911)	(35 306)	(46 406)	(46 406)	(46 406)	(39 623)	(38 864)	(42 482)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		—	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing		27 193	19 084	30 330	20 000	20 000	20 000	20 000	10 000	10 000	10 000
Increase (decrease) in consumer deposits		296	334	195	321	321	321	321	314	329	347
Payments											
Repayment of borrowing		(4 157)	(6 582)	(9 297)	(9 854)	(9 854)	(9 854)	(9 854)	(11 054)	(11 842)	(12 768)
NET CASH FROM/(USED) FINANCING ACTIVITIES		23 331	12 836	21 228	10 467	10 467	10 467	10 467	(740)	(1 513)	(2 421)
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	57 833	16 604	16 684	(4 952)	28 620	28 620	28 620	26 549	44 053	81 463
Cash/cash equivalents at the year end:	2	16 604	16 684	28 620	3 849	26 549	26 549	26 549	44 053	81 463	130 707

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of Bitou Municipality fell significantly in the 2009/10 year, R41,229 Million and remained even in the 2010/2011 financial year, there was an increase in cash and cash equivalents for the 2011/12 period, R11,936 Million and a further increase is expected for 2012/2013 improving over the MTREF.
4. A cash surplus is expected over the MTREF indicating that the budget is cash backed in respect of cash in and out flows.

Table 24 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available											
Cash/cash equivalents at the year end	1	16 604	16 684	28 620	3 849	26 549	26 549	26 549	44 053	81 463	130 707
Other current investments > 90 days		0	(0)	0	11	(2 778)	(2 778)	(2 778)	–	–	–
Non current assets - Investments	1	3 669	3 972	4 275	3 972	4 275	4 601	4 601	4 892	5 199	5 496
Cash and investments available:		20 273	20 655	32 895	7 832	28 046	28 372	28 372	48 945	86 663	136 203
Application of cash and investments											
Unspent conditional transfers		22 012	33 981	40 915	9 513	15 350	15 350	15 350	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	2 456	14 997	(19 271)	12 100	8 325	8 325	8 325	14 647	16 670	11 397
Other provisions		47 973	62 531	81 029	73 505	66 274	66 274	66 274	78 688	90 369	103 076
Long term investments committed	4	3 669	3 972	4 275	3 972	4 275	4 601	4 601	4 892	5 199	5 496
Reserves to be backed by cash/investments	5	2 102	1 342	–	8 842	–	–	–	2 000	3 000	3 500
Total Application of cash and investments:		78 213	116 822	106 947	107 932	94 223	94 550	94 550	100 227	115 238	123 469
Surplus(shortfall)		(57 939)	(96 167)	(74 052)	(100 100)	(66 178)	(66 178)	(66 178)	(51 282)	(28 576)	12 734

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2009/10 to 2014/15 a shortfall is reflected, it does however improve over the remainder of the MTREF indicating a slow financial recovery that would extend over the outer years of the MTREF.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2012/13 MTREF was not funded owing to the significant deficit.

Table 25 MBRR Table A9 - Asset Management

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	108 608	104 221	24 308	24 855	39 525	39 525	29 922	34 295	25 030
Infrastructure - Road transport		27 633	10 305	6 194	213	5 675	5 675	1 216	4 970	-
Infrastructure - Electricity		21 499	14 872	114	850	3 911	3 911	-	5 993	4 386
Infrastructure - Water		15 380	36 221	6 448	8 355	7 955	7 955	9 175	3 684	1 000
Infrastructure - Sanitation		5 755	1 138	197	-	4 300	4 300	-	-	-
Infrastructure - Other		23 169	6 627	383	11 908	9 872	9 872	16 070	16 404	16 579
Infrastructure		93 436	69 163	13 335	21 326	31 713	31 713	26 461	31 050	21 965
Community		7 005	10 623	2 158	-	3 950	3 950	1 355	350	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	8 167	22 963	8 815	3 529	3 862	3 862	2 107	2 895	3 065
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	1 472	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	11 376	21 621	19 850	19 850	14 103	8 887	22 173
Infrastructure - Road transport		-	-	-	4 000	10 700	10 700	2 300	3 932	10 546
Infrastructure - Electricity		-	-	1 667	9 000	250	250	1 270	1 000	500
Infrastructure - Water		-	-	217	4 150	500	500	250	400	7 796
Infrastructure - Sanitation		-	-	350	4 471	8 400	8 400	9 633	3 555	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	2 234	21 621	19 850	19 850	13 453	8 887	18 841
Community		-	-	9 142	-	-	-	-	-	2 632
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	650	-	700
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		27 633	10 305	6 194	4 213	16 375	16 375	3 516	8 901	10 546
Infrastructure - Electricity		21 499	14 872	1 781	9 850	4 161	4 161	1 270	6 993	4 886
Infrastructure - Water		15 380	36 221	6 665	12 505	8 455	8 455	9 425	4 084	8 796
Infrastructure - Sanitation		5 755	1 138	546	4 471	12 700	12 700	9 633	3 555	-
Infrastructure - Other		23 169	6 627	383	11 908	9 872	9 872	16 070	16 404	16 579
Infrastructure		93 436	69 163	15 570	42 947	51 563	51 563	39 914	39 937	40 806
Community		7 005	10 623	11 300	-	3 950	3 950	1 355	350	2 632
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	8 167	22 963	8 815	3 529	3 862	3 862	2 757	2 895	3 765
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	1 472	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	108 608	104 221	35 684	46 476	59 375	59 375	44 026	43 182	47 203
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		75 568	86 487	85 961	86 909	98 863	98 863	98 932	104 221	110 958
Infrastructure - Electricity		47 109	62 344	62 827	70 045	64 714	64 714	63 762	68 385	70 840
Infrastructure - Water		85 713	129 530	131 511	138 800	135 216	135 216	139 770	139 037	142 926
Infrastructure - Sanitation		58 223	50 765	56 767	59 020	67 110	67 110	74 159	75 111	72 619
Infrastructure - Other		295	130	295	11 761	9 822	9 822	25 020	40 036	54 736
Infrastructure		266 908	329 257	337 361	366 534	375 725	375 725	401 644	426 791	452 079
Community		11 101	21 998	31 758	30 608	34 496	34 496	34 644	33 822	35 244
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		97 590	97 422	97 254	91 817	97 254	97 254	97 087	96 919	96 752
Other assets		163 008	176 703	175 030	192 600	172 821	172 821	170 423	168 279	167 108
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		8 379	9 287	4 766	8 753	4 766	4 766	4 195	3 635	3 085
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	546 986	634 668	646 169	690 312	685 062	685 062	707 993	729 446	754 269
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>	3	12 480	16 857	24 245	21 391	20 481	20 481	21 095	21 728	22 380
<u>Repairs and Maintenance by Asset Class</u>		16 915	14 897	10 269	13 267	11 990	11 990	13 675	13 854	15 470
Infrastructure - Road transport		2 189	861	1 793	1 442	1 357	1 357	1 480	1 675	1 765
Infrastructure - Electricity		1 290	1 300	1 688	1 396	1 746	1 746	1 752	1 855	2 056
Infrastructure - Water		949	341	31	1 999	593	593	831	971	1 030
Infrastructure - Sanitation		1 675	1 324	959	1 725	1 920	1 920	2 478	2 226	2 375
Infrastructure - Other		748	2 117	881	650	650	650	690	700	710
Infrastructure		6 851	5 941	5 352	7 212	6 268	6 268	7 232	7 426	7 937
Community		2 559	3 024	2 010	2 564	2 402	2 402	1 609	1 699	1 796
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	7 505	5 932	2 908	3 491	3 320	3 320	4 834	4 728	5 738
TOTAL EXPENDITURE OTHER ITEMS		29 396	31 754	34 514	34 657	32 471	32 471	34 770	35 582	37 850
Renewal of Existing Assets as % of total capex		0.0%	0.0%	31.9%	46.5%	33.4%	33.4%	32.0%	20.6%	47.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet these recommendations.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights Bitou Municipality's strategy to address the maintenance backlog.

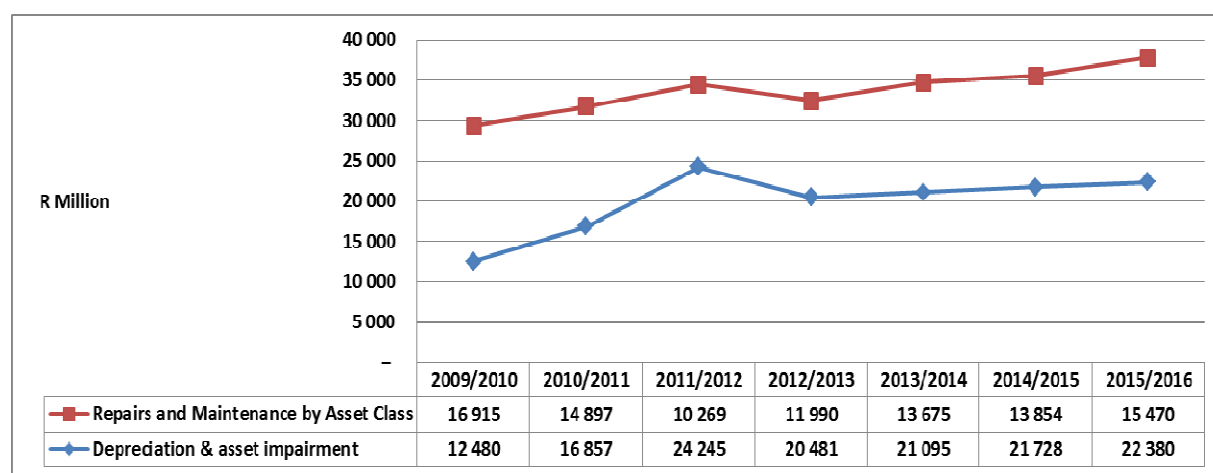


Figure 4 Depreciation in relation to repairs and maintenance over the MTREF

Table 26 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Household service targets	1									
Water:										
Piped water inside dwelling		8 427	12 926	13 103	10 323	10 323	10 323	10 873	11 543	12 243
Piped water inside yard (but not in dwelling)		5 272	5 642	6 000	6 459	6 459	6 459	6 782	7 121	7 477
Using public tap (at least min.service level)	2	243	1 035	1 035	298	298	298	398	448	518
Other water supply (at least min.service level)	4	996	-	-	1 220	1 220	1 220	1 281	1 345	1 412
<i>Minimum Service Level and Above sub-total</i>		14 938	19 603	20 138	18 300	18 300	18 300	19 334	20 457	21 650
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4	150	160	171	183	183	183	192	202	212
No water supply										
<i>Below Minimum Service Level sub-total</i>		150	160	171	183	183	183	192	202	212
Total number of households	5	15 088	19 763	20 309	18 483	18 483	18 483	19 526	20 659	21 862
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		13 716	13 563	13 727	16 802	16 802	16 802	17 449	17 799	18 099
Flush toilet (with septic tank)			372	372				-	-	-
Chemical toilet			4	4				-	-	-
Pit toilet (ventilated)	2	2	2	474	1 104	1 104	1 104	457	107	-
Other toilet provisions (> min.service level)				801				-	-	-
<i>Minimum Service Level and Above sub-total</i>		13 718	13 941	15 378	17 906	17 906	17 906	17 906	17 906	18 099
Bucket toilet		167	179	192	205	205	205	204	116	59
Other toilet provisions (< min.service level)		303	325	348	372	372	372	222	122	72
No toilet provisions				173	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		470	505	713	578	578	578	427	239	132
Total number of households	5	14 188	14 446	16 091	18 484	18 484	18 484	18 333	18 145	18 231
Energy:										
Electricity (at least min.service level)		1 359	4 827	4 866	1 665	1 665	1 665	1 965	2 315	2 815
Electricity - prepaid (min.service level)		10 428	4 572	4 777	12 775	12 775	12 775	13 275	14 025	14 875
<i>Minimum Service Level and Above sub-total</i>		11 787	9 399	9 643	14 440	14 440	14 440	15 240	16 340	17 690
Electricity (< min.service level)										
Electricity - prepaid (< min.service level)										
Other energy sources		3 300	3 531	644	4 043	4 043	4 043	4 245	4 457	4 680
<i>Below Minimum Service Level sub-total</i>		3 300	3 531	644	4 043	4 043	4 043	4 245	4 457	4 680
Total number of households	5	15 087	12 930	10 287	18 483	18 483	18 483	19 485	20 797	22 370
Refuse:										
Removed at least once a week		14 919	15 087	15 186	18 277	18 277	18 277	18 827	19 707	20 707
<i>Minimum Service Level and Above sub-total</i>		14 919	15 087	15 186	18 277	18 277	18 277	18 827	19 707	20 707
Removed less frequently than once a week		123	131	140	150	150	150	210	265	353
Using communal refuse dump		0	0	0	0	0	0	0	1	1
Using own refuse dump		39	42	44	48	48	48	50	52	55
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		6	7	7	8	8	8	6	6	7
<i>Below Minimum Service Level sub-total</i>		168	180	193	206	206	206	267	324	415
Total number of households	5	15 087	15 267	15 379	18 483	18 483	18 483	19 093	20 031	21 122
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		5 158	6 270	6 583	6 715	5 443	5 443	6 003	6 703	7 553
Sanitation (free minimum level service)		1 750	2 127	2 233	2 278	2 278	2 278	2 778	3 478	4 328
Electricity/other energy (50kwh per household per month)		3 488	4 240	4 452	4 541	6 170	6 170	6 370	6 570	6 870
Refuse (removed at least once a week)		1 750	2 127	2 233	2 278	2 278	2 278	2 728	3 078	3 538
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		1 476	1 805	1 986	1 692	1 692	1 692	1 693	1 694	1 695
Sanitation (free sanitation service)		1 242	1 523	1 676	3 110	3 110	3 110	3 111	3 266	3 429
Electricity/other energy (50kwh per household per month)		1 999	2 689	2 958	2 125	2 125	2 125	2 126	2 232	2 344
Refuse (removed once a week)		1 117	1 277	1 404	4 169	4 169	4 169	4 170	4 378	4 597
Total cost of FBS provided (minimum social package)		5 833	7 294	8 023	11 096	11 096	11 304	11 099	11 571	12 066
Highest level of free service provided										
Property rates (R value threshold)		100 000	330 000	330 000	350 000	350 000	350 000	425 000	503 000	563 000
Water (kilolitres per household per month)		6	6	6	6	6	6	7	8	8
Sanitation (kilolitres per household per month)	n/a	n/a	n/a	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		82	106	107	114	114	114	119	125	132
Electricity (kwh per household per month)		50	50	50	50	50	50	53	55	58
Refuse (average litres per week)		240	240	358	153	153		-	-	-
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		286	592	636			109 185	109	205	270
Property rates (other exemptions, reductions and rebates)		49	52	56	13 540	1 066	1 066	1	1	1
Water		1 476	1 805	2 022	197	197	197	207	218	229
Sanitation		1 242	1 523	1 676	638	638	638	670	703	738
Electricity/other energy		1 999	2 689	3 254	1 988	1 988	1 988	2 087	2 192	2 301
Refuse		1 117	1 277	1 902	220	220	220	231	243	255
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of free services provided (total social package)	6	6 168	7 938	9 545	16 583	4 109	113 294	3 306	3 562	3 794

Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Political overview of the budget process

Section 53 of the MFMA stipulates that the Mayor should exercise general political guidance over the budgeting process and must direct the drafting of the budget.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year, a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 20 August 2012. Key dates applicable to the process were:

- **September 2012**– An IDP workshop and IDP steering committee of the Mayoral Committee and Executive Management.
- **September 2012** – Hosting of Ward meetings
- **October 2012** – IDP steering committee to do GAP analysis and profile workshop.
- **November 2012** – Strategic Workshop to determine strategic direction of the municipality for the MTREF
- **January 2013** – Approval of the adjustment budget for 2012/2013
- **February 2013** – Prioritization of projects for inclusion in the 2013/2014 budget and MTREF
- **28 March 2013** – Tabling of the draft budget before council
- **1 to 30 April 2013** – Public participation on the draft budget
- **31 May 2013** – Submission of the budget to council for consideration and approval

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The 2013/2014 and MTREF is the beginning of a new IDP Cycle and the consultation process commenced after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2013/14 MTREF in August 2012.

Bitou Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan includes the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;

- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2013/14 MTREF, based on the approved 2012/13 MTREF, Mid-year Review and adjustments budget. The planning process has subsequently been adjusted after considering the revised revenue projections and expenditure patterns contained in the approved adjustments budget.

With the compilation of the 2013/14 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance against the 2012/13 budget.

2.1.3 Financial Modeling and Key Planning Drivers

As part of the compilation of the 2013/14 MTREF, extensive financial analysis was undertaken for a variety of expenditure items and categories to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/14 MTREF:

- Growth in the Local Economy
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns as evident from Census 2011)
- Performance trends
- The approved 2012/13 adjustments budget and Year to Date performance
- Cash Flow Management Strategy
- Debtor payment levels
- Dealing with inherited legacy issues
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the contents of the National Treasury's MFMA Circulars 66 and 67 have been taken into account in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2013/14 MTREF as tabled before Council today will be published in the local media and municipal notice boards, libraries and on the municipality's website to afford the community the opportunity to provide input on the draft budget and to ensure transparency in the financial management processes of the municipality.

The input received from the local community will be considered prior to the finalisation and submission of the final budget for approval by council.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society as highlighted in the National Development Plan can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery. This is the first year of a new IDP cycle of 5 years and it is of essence that all stakeholders actively participate in the IDP process in order to ensure appropriate priorities are linked to scarce funding sources.

One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and Bitou Municipality's response to these requirements. The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Development Plan

Table 27 IDP Strategic Objectives

2013/14 MTREF	
1.	To ensure efficient and affordable basic services to all residents of Bitou
2.	To strengthen the economy of Bitou for sustainable growth and job creation
3.	To develop a municipal governance system that complies with international best practise
4.	Create an institution that can align planning with implementation for effective and efficient service delivery
5.	To be a financially viable institution geared to provide affordable and sustainable services to the clientele of Bitou municipality

In order to ensure integrated and focused service delivery between all spheres of government it was important for Bitou Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - o Provide electricity;
 - o Provide water;
 - o Provide sanitation;
 - o Provide waste removal;
 - o Provide housing;
 - o Provide roads and storm water;
 - o Provide public transport;
 - o Provide city planning services; and
 - o Maintaining the infrastructure of Bitou Municipality.
2. Economic growth and development that leads to sustainable job creation by:
 - o Ensuring there is spatial development framework for Bitou Municipality;
 - o Ensuring planning processes function in accordance with set timeframes;
 - o Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - o Effective implementation of the Indigent Policy;
 - o Extending waste removal services and ensuring an effective cleansing service;
 - o Ensuring all waste water treatment works are operating optimally and retaining green drop status;
 - o Creating a safe environment for our communities in collaboration with the SAPS;
 - o Ensuring safe working environments by effective enforcement of building and health regulations;
 - o Promote viable, sustainable communities through proper zoning; and
 - o Promote environmental sustainability by protecting wetlands, the seashore and key public open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
 - o Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly coordinated.
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
 - o Optimising effective community participation in the ward committee system; and
 - o Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound transparent and accountable governance through:
 - o Publishing the outcomes of all tender processes on the municipal website
 - o Establishing a well-functioning audit- and oversight committee and MPAC

- Carefully evaluating all spending decisions
- Limiting the use of consultants and reviewing the use of contracted services
- Ensuring value for money spending in all procurement processes.
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

- o Implementation of the revised organizational structure to optimize the use of personnel;

In addition to the five-year IDP, Bitou Municipality needs to undertake an extensive planning and developmental strategy that will primarily focus on a longer-term horizon; 15 to 20 years. This process is necessary to influence the future development path and to set clear goals for the future development within the municipal area. The strategy needs to target future developmental opportunities in traditional dormitory settlements. It should provide direction to Bitou Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources from the municipality and other service delivery partners.

The 2013/14 MTREF has therefore been directly informed by the IDP process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

[illegible]

Table 29 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
				R thousand								
Basic Services and Infrastructure Development	A			165 316	192 417	185 104	221 858	227 239	227 239	289 787	269 456	282 260
Local Economic Development	B			21 038	17 741	14 809	18 244	19 836	19 836	17 732	18 905	20 139
Financial Viability	C			9 111	11 470	12 306	22 065	19 657	19 657	30 560	32 855	34 917
Institutional Development	D			30 278	28 966	23 915	28 016	28 243	28 243	29 724	31 018	32 876
Good Governance and Transformation	E			45 689	53 163	62 098	42 229	45 494	45 494	36 401	38 519	39 579

Table 30 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand												
Basic Services and Infrastructure Development		A		100 163	103 207	32 149	42 976	58 643	58 643	42 243	42 021	46 003
Local Economic Development		B		7 255	58	25	–	20	20	358	–	190
Financial Viability		C		87	70	3 130	–	100	100	727	1 000	1 000
Institutional Development		D		174	140	60	–	112	112	129	–	–
Good Governance and Transformation		E		929	746	320	3 500	500	500	569	161	9
		F										
		G										
		H										

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, Bitou Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

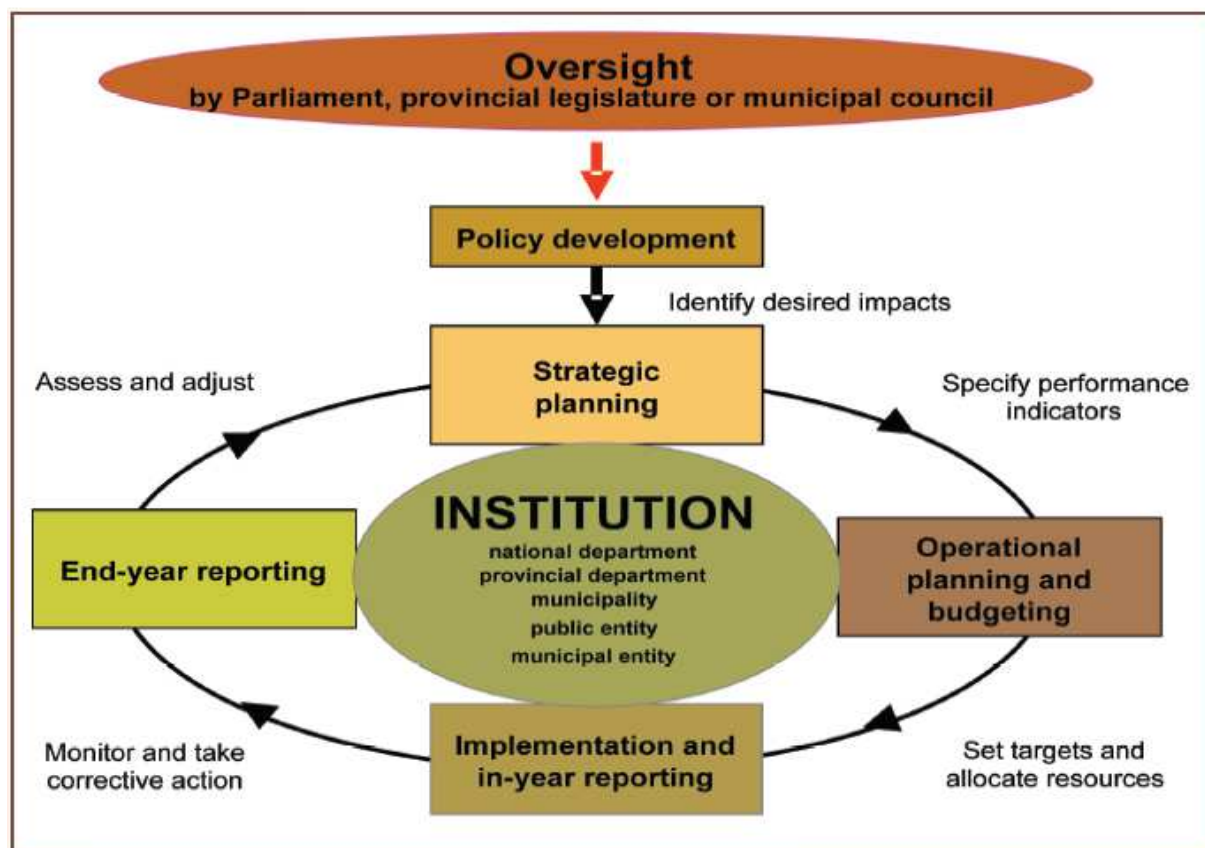


Figure 5 Planning, budgeting and reporting cycle

The performance of Bitou Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. Bitou Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by Bitou Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

The following table provides some of the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 31 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Municipal Services and Infrastructure										
Water										
Water Distribution										
Reduction in Backlogs: Access to Water	Number of households				200	200	200	647	350	300
Waste Water Management										
Sewerage										
Reduction in Backlogs: Access to	Number of households				200	200	200	647	350	300
Waste Management										
Solid Waste										
Access to Refuse Removal	Number of households				200	200	200	647	350	300
Electricity										
Electricity Distribution										
Provision of new Electricity connections	Number of households				200	200	200	647	350	300
Housing										
Housing										
Provision of new housing units	Number of households				200	200	200	647	350	300
Financial Services										
Revenue Services										
Indigent Administration	Number of Subsidies				1 800	1 800	1 800	2 440	2 440	2 440
Access to free basic Services										
Debtors Administration										
Access to subsidised Services	Number of Subsidies				5 200	5 200	5 200	5 500	5 500	5 500
Budget Office										

The following table sets out the municipalities main performance objectives and benchmarks for the 2013/14 MTREF.

Table 32 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	4.3%	5.6%	7.4%	7.2%	6.9%	6.9%	6.9%	6.1%	6.5%	6.4%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	5.7%	7.6%	8.9%	8.2%	8.3%	8.3%	8.3%	8.2%	8.0%	7.8%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	47.2%	35.9%	127.9%	85.1%	144.9%	144.9%	144.9%	83.3%	83.3%	80.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	221%	192.0%	174.5%	179.0%	174.5%	174.5%	174.5%	132.9%	110.6%	93.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	0.7	0.5	0.8	0.5	0.8	0.8	0.8	1.2	1.8	2.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.7	0.5	0.2	0.1	0.3	0.3	0.3	0.6	1.2	2.1
Liquidity Ratio	Monetary Assets/Current Liabilities	0.2	0.1	0.3	0.0	0.3	0.3	0.3	0.7	1.2	2.1
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		89.9%	100.5%	99.5%	92.6%	92.9%	92.9%	92.9%	95.2%	95.2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			89.7%	100.4%	99.4%	92.6%	92.9%	92.9%	92.9%	95.2%	95.2%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14.9%	17.5%	15.9%	11.9%	10.1%	10.1%	10.1%	8.4%	8.6%	8.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	95.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		231.1%	374.5%	87.7%	1258.3%	150.1%	150.1%	150.1%	106.4%	60.0%	33.3%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	9739144.5	12475041	10165642	7856243	7856243	7856243	7856243	6189226.59	6634850.904	6633778.904
	Total Cost of Losses (Rand '000)	4 729	7 186	6 305	5423784.16	5 424	5 424	5 424	4 766	3 670	2 826
	Total Volume Losses (k?)	1014385.38	519950	457665	395380	395380	395380	395380	1130345	951897	895352
Water Distribution Losses (2)	Total Cost of Losses (Rand '000)	1 478	2 901	2 554	2206220.4	2 206	2 206	2 206	1 854	1 257	1 119
Employee costs	Employee costs/(Total Revenue - capital revenue)	33.4%	37.7%	35.9%	33.6%	33.1%	33.1%	33.1%	31.5%	34.3%	33.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	34.5%	38.8%	37.3%	35.0%	34.3%	34.3%		32.6%	35.5%	35.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6.3%	5.5%	3.7%	4.0%	3.5%	3.5%		3.4%	3.5%	3.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	7.5%	10.1%	13.2%	10.8%	10.0%	10.0%	10.0%	8.6%	8.9%	8.5%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	19.5	15.9	24.0	28.1	28.1	28.1	22.0	22.5	22.0	23.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	22.6%	22.7%	19.1%	14.7%	12.8%	12.8%	12.8%	11.8%	11.1%	10.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.0	0.9	1.6	0.2	1.2	1.2	1.2	1.8	3.2	4.9

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Bitou Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of Bitou Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2013/14 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the MTREF from 15.21 per cent to 10.64 per cent in 2015/16, it needs to be noted that the increased capital grants and transfers has contributed to the decrease and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily decreased from 6.9 per cent in 2012/13 to 3.3 per cent in 2013/14. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as Bitou Municipality has nearly reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 80 per cent which substantiates the above mentioned statement that Bitou Municipality is reaching its prudential borrowing limits.

Bitou Municipality's debt profile provides some interesting insights on Bitou Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

Bitou Municipality has raised mainly amortising loans over the past five years, hence effectively 'front-loading' its debt service costs. This is reflected in Bitou Municipality's debt service profile, which predicts a decline in debt service over the MTREF.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of Bitou Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

It is very unfortunate that the municipality still needs to contend with legacy issues that continually place the cash flow of the municipality under pressure thereby prolonging the period necessary for complete financial recovery.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves.

- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. For 2012/13 the gearing ratio peaked 175.5 per cent. This was primarily a result of the increased borrowing levels and decreasing funds and reserves. While the gearing ratio improves to 132.9 per cent in the 2013/14 financial year, the medium term strategy is to steadily reduce the gearing ratio to a level that does not exceed 50 per cent as a prudential limit, hence, over the 2013/14 MTREF the ratio decreases to 110 per cent by 2015/16.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark Bitou Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2013/14 MTREF the current ratio is 1.2 in the 2014/15 financial year 1.8 and for the 2015/2016 year 2.7
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2012/13 financial year the ratio was 0.3 and as part of the financial planning strategy it has been increased to 0.7 in the 2013/14 financial year. The ratio improves over the MTREF to 2.1 in 2015/2016. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, this include ongoing revenue enhancement services to ensure all revenue remains in the revenue net, as well as strict application of the credit control policy to collect all debt current and debt that has fallen in arrears. Debtor days have decreased from 135 to 114 which is indicative of the success attained thus far. The upgrading of meter reading devises will also assist accurate account rendering and reliability of debtor information.

2.3.1.5 Creditors Management

- Bitou Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with Bitou Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for Bitou Municipality's business.

2.3.1.6 Other Indicators

- The electricity distribution losses have been managed downwards from 12 per cent in the 2012/13 financial year to 10 per cent over the MTREF. The initiatives to ensure these targets are achieved include managing illegal connections minimizing unread

meters and revenue enhancement initiatives where large consumers of electricity have been discovered that were not metered.

- The water distribution losses have been significantly reduced from 27.6 per cent in 2011/12 to 16.37 per cent in 2012/13. Losses are managed through a combination of exception reports, meter deviation reports and revenue enhancement initiatives. A concerted effort is necessary to reduce the losses even further to within acceptable norms by the conclusion of the MTREF.
- Employee costs as a percentage of operating revenue is decreasing in the 2013/2014 financial year, it does however escalate by R14,890 year on year as a result of the adoption of the new organizational structure and the filling of critical vacancies necessary for service delivery as well as the 6.85% general salary increase budgeted for 2013/2014. Employee related cost continues to be one of the major costs related to service delivery and is carefully managed to be within acceptable norms.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing above inflation as well as significant addition housing grant allocations. In real terms, repairs and maintenance has increased as part of Bitou Municipality's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of Bitou Municipality. Registered indigents as well as residents in properties where the value is below R350,000 qualify for either free basic services or service tariffs at a reduced rate.

For the 2013/14 financial year between 5000 and 6000 households will receive subsidies for free or reduced cost services. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, free sanitation and free waste removal services, as well as a discount/full subsidy on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

Note that the number of households in Eskom distribution areas that receive free services and the cost of these services are not taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

Bitou Municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Bitou Municipality was awarded Blue Drop status in 2012/13, indicating that Bitou Municipality's drinking water is of exceptional quality. Bitou also received accolades for being the leader with regards to water and waste water quality for a medium sized municipality.

The following is briefly the main challenges facing Bitou Municipality with regards to water and waste water management.

- The infrastructure at certain waste water treatment works is old and require upgrade and refurbishment to continue meeting quality standards;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Water sources are scarce and bulk water augmentation is critical for the immediate future.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget, subject to funding availability;
- The filling of vacancies receives preference and in-house skills development receive high priority;
- The Division is working in consultation with the Department of Water Affairs, neighboring municipalities and the Eden District to address bulk water augmentation.

2.4 Overview of budget related-policies

Bitou Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Credit control policy approved by Council in May 2007 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate.

Some of the proposed revisions are as follows:

- Holding the owner of a property liable for the debt of a tenant consumer
- Charging of interest in terms of the National Credit Act requirements
- Confirming the principles of a consolidated account.
- Amendments to the dispute and appeal procedure
- Recovery of debt via pre-paid metering systems
- Amendments to the arrangements intervals and percentages
- Amendments to administrative targets.

The 2013/14 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings. Collection over the anticipated 95% will add to improving the cash flow in the short and medium term.

2.4.2 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in December 2011. The policy is in the process of being revised and a variety of amendments are proposed, the amendments include inter-alia the following:

- Conditions for consideration of quotations with reference to the submission of tax clearance certificates - Clause 13(b)(i) and (ii)
- Listing of accredited service providers – Clause 14
- Requirements for quotations to be considered – Clause 16(2), 17(2) and 18
- Public invitation for competitive bids – Clause 22
- Bid specification committees – Clause 27
- Bid Evaluation committees – Clause 28
- Appointment of consultants – Clause 35
- Combatting abuse – Clause 38 and an array of other proposed amendments.

The policy amendments will form part of the draft budget consultation process and the policy will be available at all offices and libraries for scrutiny.

2.4.3 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and Bitou Municipality's system of delegations. The Budget and Virement Policy was approved by Council in May 2010. It is proposed that Section F, paragraph "b" be changed to increase the maximum limit of a virement from R200,000 to R500,000 per vote for a financial year, the change will also be necessary to be effected in Section G point "d". Section F, paragraph "g" is amended by adding the omitted word "staff" with reference to the staff establishment.

2.4.4 Cash Management and Investment Policy

Bitou Municipality's Cash Management and Investment Policy was approved by Council in October 2006. The aim of the policy is to ensure that Bitou Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. Amendments to the policy includes the mitigation of risk and limitation of exposure contained in section 8.8 of the policy as well as amendments to investment procedures contained in clause 9 of the policy.

2.4.5 Tariff Policy

Bitou Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation over the next two years.

2.4.6 Property Rates Policy

The compilation of the general valuation roll for the period 1 July 2013 to 30 June 2017 necessitated the revision of the Municipal Property Rates Policy and By-laws.

Some of the proposed revisions are as follows:

- A clear distinction is made in the definition of "Guest houses" and "Bed and Breakfasts" as it impacts on the manner in which rates and tariffs apply to these categories of property.
- A category of property, being "Rural Lifestyle" is added and refers to non-urban domestic properties primarily used for residential purposes
- Amendments are proposed with regards to the categorization of properties in Section 8 of the policy.
- Amendments to Section 14 are proposed in so far as it relates to exemptions, rebates and reductions

The above policy is available on Bitou Municipality's website, as well as at the municipal offices and libraries for inspection and input.

2.4.7 Funding and reserves policy

The funding and reserves policy is proposed to be amended by including the Capital Replacement Reserve under clause 2.8.3 as part of the cash requirements of the municipality and by deleting the bullet referring to the housing development fund as it no longer exists in terms of the accounting policy of the municipality. Clause 3.3.1 is amended by making provision for the separate investments of the cash backed portion of the capital replacement reserve until it is committed to be appropriated in the annual budget or adjustment budget.

2.5 Overview of budget assumptions

2.5.1 External factors

It is expected that the economic recovery will be slow and prolonged; the anticipated growth for 2013 is 2.7% rising to 3.8% in 2015.

We still find ourselves in the shadow of the economic downturn with limited financial resources at our disposal for service delivery this is also evident in the effort that needs to be made for the recovery of debt owed to the municipality. It is also therefore necessary to carefully evaluate spending decisions and to ensure value for money in all procurement processes.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2013/14 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on the municipalities residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 27.7 per cent of total operating expenditure in the 2013/14 MTREF and therefore this increase above inflation places additional upward pressure on the expenditure budget.

2.5.3 Credit rating outlook

The Municipality has not had a credit rating done.

2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. Bitou Municipality intends to take up a loan of R10 Million in the 2013/2014 financial year. The 2013/14 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments on a bi-annual basis.

Interest rates for investment purposes remains low and the average interest rate on investment is anticipated to average between 5% and 6% for the 2013/2014 financial year with little upward movement anticipated for the remainder of the MTREF.

2.5.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term, it is however anticipated that interest rates may surge upward in the medium term placing a further strain on cash strapped consumers.

The rate of revenue collection is currently expressed as a percentage (95 per cent) of annual billings. Cash flow is assumed to be 95 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.6 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of Bitou Municipality, household formation growth rate and the poor household change rate.

The compilation of the general valuation roll for the period 2013 to 2017 has resulted in a small growth in the assessment rates base for the MTREF (5 %), when allowing for objections and appeals on valuations as well as changes in categories in terms of the property rates policy, it is estimated that a real growth of between 2% and 3% will realise. Prudent financial management dictates that a conservative approach best serves a positive outcome and therefore the additional anticipated revenue as a result of the change in valuations necessitated a low additional revenue forecast.

2.5.7 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2012 and shall remain in force until 30 June 2014. For the purpose of calculation of salary related expenditure for the 2013/2014 financial year an across the board salary increase of 6.85% was used. The general wage increase for the 2014/2015 financial year is budgeted at 6.4%

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs through labor intensive programs and projects as well as full participation in the EPWP;
- Enhancing education and skills development;
- Improving quality of life of all residents;
- Protection of the poor through appropriate subsidization and tariff setting
- Rural development and agriculture; and
- Creating a conducive environment for economic development

2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 96 per cent is achieved on operating expenditure and 90 per cent on the capital programme for the 2013/14 MTREF of which performance has been factored into the cash flow budget. The spending on both the operating budget and capital budget financed from own funding alike will be dependent on the realising of the revenue as per the revenue and cash flow estimates for the MTREF.

2.6 Overview of budget funding

Funding of the Budget

Section 18(1) of the MFMA determines that an annual budget can only be funded from:

- Realistically expected revenue to be collected;
- Cash-backed accumulated funds of preceding years' surpluses not earmarked for other purposes; and
- Borrowed funds, but only for the capital budget referred to in Section 17.

Full achievement of this requirement effectively entails that a Council 'balances' its budget by ensuring that the budgeted outflow balances with a combination of planned inflow.

Credible Budget

A credible budget, among other things, is a budget, which:

- Only funds activities which are in line with the revised IDP and vice versa and which ensure that the IDP is realistically achievable while taking account of the financial restrictions of the municipality;
- Is achievable in respect of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are in line with current and previous performance and that are supported by documented evidence of future assumptions;
- Does not compromise the financial viability of the municipality (ensures that the financial position is contained within generally accepted prudent limits and that obligations can be met in the short, medium and long term); and
- Provides managers with suitable levels of delegation to enable them to fulfill their financial managerial responsibilities.

A budget sets out certain service delivery levels and accompanying financial implications. Consequently the community must realistically expect to receive these promised service levels and to understand the accompanying financial implications. High under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and realistic.

Furthermore, budgets tabled as early as 90 days before the start of the budget year, must remain credible and fairly close to the final approved budget.

Long term financial planning

Long term loans are a method of ensuring that the principle of "the future consumers or beneficiaries of the assets financed by the loan, also contribute to the future use or benefit arising from the assets", and this principal was applied as a long term financial strategy in the past. The current draft budget only proposes to borrow an amount equal to the redemption portion of current borrowing as it will not place an unaffordable strain on the municipal financial position. Government Grants allocated to the Municipality still consist of the major source of capital funding over the MTREF.

The municipality has made provision, although not cash- backed, for long-term employee benefits consisting of medical aid contributions for retired personnel and for the payment of long service bonuses.

The budget is fully compliant with GRAP standards. This will assist the basis for sound financial practices and compliance in terms of the MFMA and GRAP.

Sources of funding

Interest earned from investments is recorded in the operating revenue budget. The interest earned is expected to remain constant due to a relative stable national monetary policy with regards to interest rates.

The following summarizes the budgeted interest as reflected in the MTREF;

2013/14 - R 1,770,000

2014/15 - R 1,500,000

2015/16 - R 1,650,000

Contributions

The Municipality receives augmentation fees which serve as bulk service levies from new developers to provide infrastructure and other works as part of the conditions set with the granting process. This revenue source is not very predictable but with the prevailing economic climate it is expected that new developments will not follow past trends and these revenue streams are very dependent on economic recovery.

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 33 Breakdown of the operating revenue over the medium-term

Description	Current year 2012/2013		2013/14 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2013/14	%	Budget Year +1 2014/15	%	Budget Year +2 2015/16	%
Revenue By Source								
Property rates	82 255	24.31	89 247	22.18	94 066	23.88	99 146	23.40
Service charges	177 584	52.49	192 923	47.95	205 156	52.09	218 181	51.50
Interest earned - external investments	2 950	0.87	1 770	0.44	1 500	0.38	1 650	0.39
Transfers recognised - operational	56 255	16.63	102 052	25.36	76 201	19.35	87 196	20.58
Other revenue	19 277	5.70	16 356	4.07	16 934	4.30	17 503	4.13
Total Revenue (excluding capital transfers and contributions)	338 322	100.00	402 348	100.00	393 857	100.00	423 676	100.00

The following graph is a breakdown of the operational revenue per main category for the 2013/14 financial year.

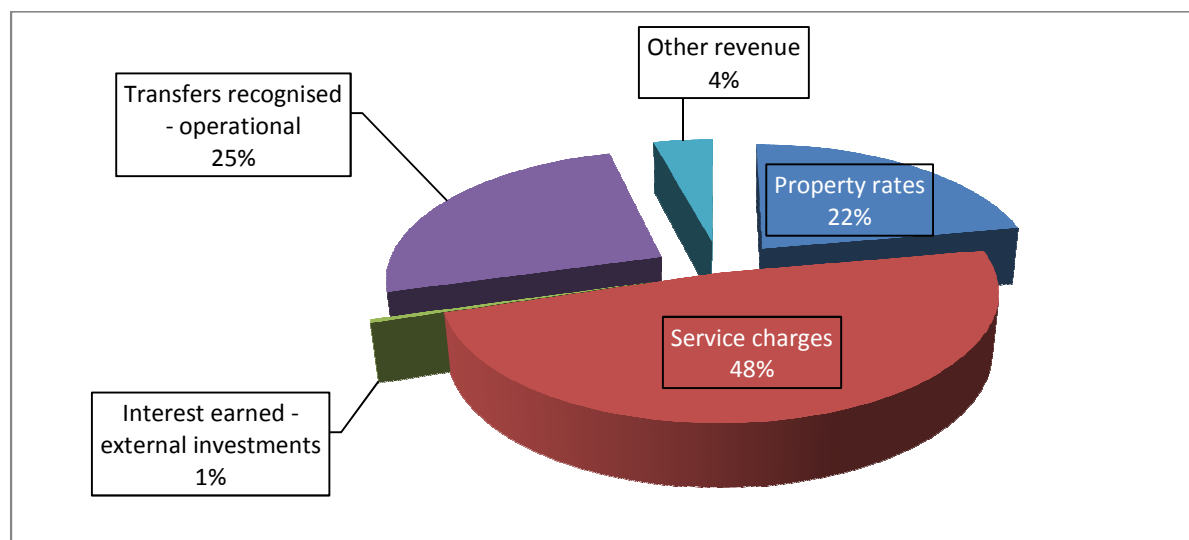


Figure 6 Breakdown of operating revenue over the 2013/14 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. Bitou Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.)

The revenue strategy is a function of key components such as:

- Growth in Bitou Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2013/14 MTREF on the different revenue categories are reflected in the table below, the outer years of the MTREF reflect the tariff increases as per the National Treasury Growth parameters for the outer years and do not necessarily reflect the increases to be determined for the outer years:

Table 34 Proposed tariff increases over the medium-term

Revenue category	2013/14 proposed tariff increase	2014/15 proposed tariff increase	2015/16 proposed tariff increase
	%	%	%
Property rates	5.5	5.4	5.4
Sanitation	6.4	5.4	5.4
Solid Waste	7	5.4	5.4
Water	6	5.4	5.4
Electricity	7.2	7.2	7.2

The tables below provide detail investment information and investment particulars by maturity.

Table 35 MBRR SA15 – Detail Investment Information

Investment type	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		8 778	14 163	31 319	3 972	21 009	21 335	39 892	75 199	125 496
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	8 778	14 163	31 319	3 972	21 009	21 335	39 892	75 199	125 496

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R2.5 million, R7.3 million and R18.6 million in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

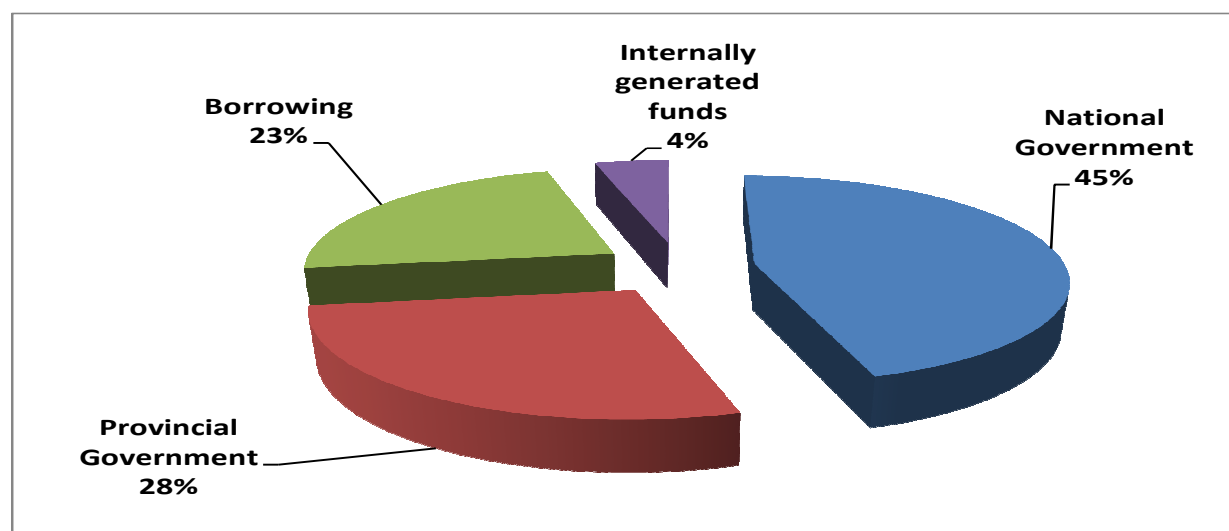
2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2013/14 medium-term capital programme:

Table 36 Sources of capital revenue over the MTREF

Vote Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funded by:											
National Government		50 958	51 043	11 962	15 368	28 803	28 803	28 803	19 895	19 233	22 059
Provincial Government		–	–	–	7 608	13 772	13 772	13 772	12 131	11 949	12 644
District Municipality		–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	3 000	3 000	3 000	–	–	–
Transfers recognised - capital	4	50 958	51 043	11 962	22 976	45 575	45 575	45 575	32 026	31 182	34 703
Public contributions & donations	5	–	–	–	–	–	–	–	–	–	–
Borrowing	6	28 598	17 296	5 520	20 000	13 310	13 310	13 310	10 000	10 000	10 000
Internally generated funds		29 051	35 883	18 202	3 500	490	490	490	2 000	2 000	2 500
Total Capital Funding	7	108 608	104 221	35 684	46 476	59 375	59 375	59 375	44 026	43 182	47 203

The above table is graphically represented as follows for the 2013/14 financial year.

**Figure 7 Sources of capital revenue for the 2013/14 financial year**

Capital grants and receipts equates to 72.74 per cent of the total funding source which represents R32,025 million for the 2013/14 financial year and steadily increase to R34.7 million or 73.5 per cent by 2015/16.

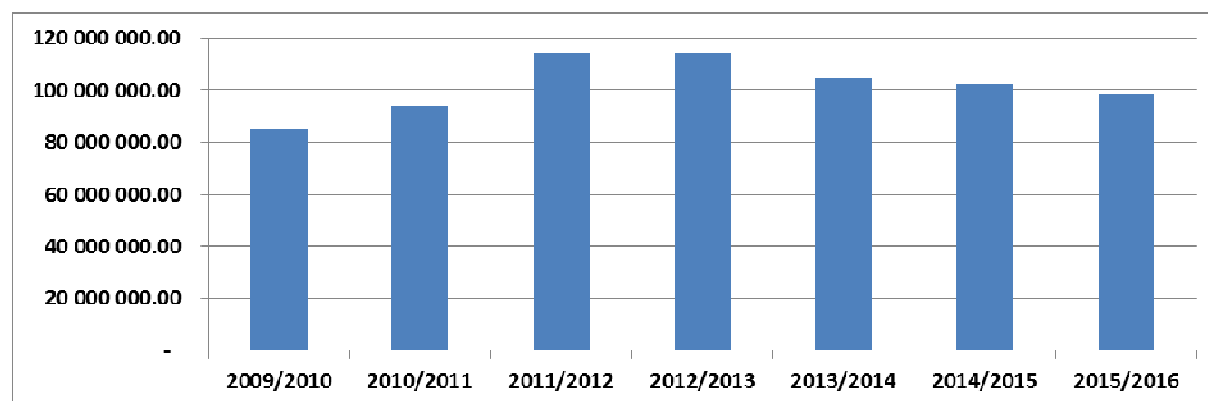
Borrowing still remains a significant funding source for the capital programme over the medium-term with an estimated R10 million to be raised for each of the respective financial years totalling 22, 23 and 21 per cent of the total funding of the capital budget for each of the respective financial years of the MTREF. As explained earlier, the borrowing capacity of Bitou Municipality has nearly reached its limits and going forward borrowing limits will remain constant until such time that financial recovery reaches completion.

The following table is a detailed analysis of Bitou Municipality's borrowing liability.

Table 37 MBRR Table SA 17 - Detail of borrowings

Borrowing - Categorised by type R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Parent municipality										
Long-Term Loans (annuity/reducing balance)		85 069	93 951	114 009	121 223	114 009	114 009	105 081	102 313	98 710
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases		303	804	186	1 932	186	186	–	–	–
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Total Borrowing	1	85 372	94 754	114 195	123 155	114 195	114 195	105 081	102 313	98 710

The following graph illustrates the growth and decline in outstanding borrowing for the 2009/10 to 2015/16 period.

**Figure 8 Growth / Decline in outstanding borrowing (long-term liabilities)**

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds have been a limited source of capital funding for the last few financial years and it is also used conservatively going forward as the municipality needs to build reserves to fund future capital requirements.

Table 38 MBRR Table SA 18 - Capital transfers and grant receipts

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		17 459	21 090	21 024	26 425	26 413	26 413	32 804	43 412	60 019
Local Government Equitable Share		14 309	17 536	18 978	23 375	23 375	23 375	29 614	41 028	57 552
Finance Management		2 750	2 750	1 250	1 250	1 250	1 250	1 300	1 450	1 500
Municipal Systems Improvement		400	750	790	800	800	800	890	934	967
MIG Grant		-	54	6						
EPWP Incentive					1 000	988	988	1 000		
Other transfers/grants [insert description]										
Provincial Government:		56 198	43 558	20 375	12 207	30 139	30 139	69 248	32 789	27 177
Provincial Management Support Grant		325	-	200		564	564			
Community Development Workers		72	75	52	54	67	67			
Libraries		184	350	425	468	507	507	525	578	636
MMC Kurland		-	-	-						
Spatial Planning		-	-	-						
Revitalise Urban Areas		-	-	-						
Socio Economic Upgrade Informal Settlements		-	-	-						
Traffic Disaster		-	-	-						
Umsobomvu Youth Fund		-	-	-						
Provincial Housing Grant		55 618	43 133	16 327	8 000	24 699	24 699	62 825	27 240	21 760
Kurland Project Link Subsidy Project		-	-	-						
Qolweni/Bossiesgiff Housing		-	-	-						
Kranshoek Project Link Subsidy Housing		-	-	-						
Proclaimed Roads Maintenance		-	-	800	46	545	545	1 140		
EPWP		-	-	502	-					
Municipal Replacement Grant		-	-	2 069	3 439	3 439	3 439	4 758	4 971	4 781
Sport and Recreation		-	-	-	200	100	100			
Thusong						218	218			
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	129	-	17	-	-	-	-
Social Responsibility				109						
LED Strategy (IDC)				-						
Alien Vegetation (Std Bank)				-						
Lipton				20						
MMC Kurland						17				
Total Operating Transfers and Grants	5	73 657	64 649	41 529	38 632	56 569	56 552	102 052	76 201	87 196

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;

- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 39 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available											
Cash/cash equivalents at the year end	1	16 604	16 684	28 620	3 849	26 549	26 549	26 549	44 053	81 463	130 707
Other current investments > 90 days		0	(0)	0	11	(2 778)	(2 778)	(2 778)	-	-	-
Non current assets - Investments	1	3 669	3 972	4 275	3 972	4 275	4 601	4 601	4 892	5 199	5 496
Cash and investments available:		20 273	20 655	32 895	7 832	28 046	28 372	28 372	48 945	86 663	136 203
Application of cash and investments											
Unspent conditional transfers		22 012	33 981	40 915	9 513	15 350	15 350	15 350	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	2 456	14 997	(19 271)	12 100	8 325	8 325	8 325	14 647	16 670	11 397
Other provisions		47 973	62 531	81 029	73 505	66 274	66 274	66 274	78 688	90 369	103 076
Long term investments committed	4	3 669	3 972	4 275	3 972	4 275	4 601	4 601	4 892	5 199	5 496
Reserves to be backed by cash/investments	5	2 102	1 342	-	8 842	-	-	-	2 000	3 000	3 500
Total Application of cash and investments:		78 213	116 822	106 947	107 932	94 223	94 550	94 550	100 227	115 238	123 469
Surplus(shortfall)		(57 939)	(96 167)	(74 052)	(100 100)	(66 178)	(66 178)	(66 178)	(51 282)	(28 576)	12 734

From the above table it can be seen that the cash and investments available total R48.9 million in the 2013/14 financial year and progressively increase to R136.2 million by 2015/2016, including the projected cash and cash equivalents as determined in the cash flow forecast.

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the

conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.

- There is no unspent borrowing from the previous financial years.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations.

It can be concluded that Bitou Municipality has a deficit against the cash backed and accumulated surpluses reconciliation. The level of non-cash backing progressively deteriorated over the period 2008/09 to 2010/11. The challenge for Bitou Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

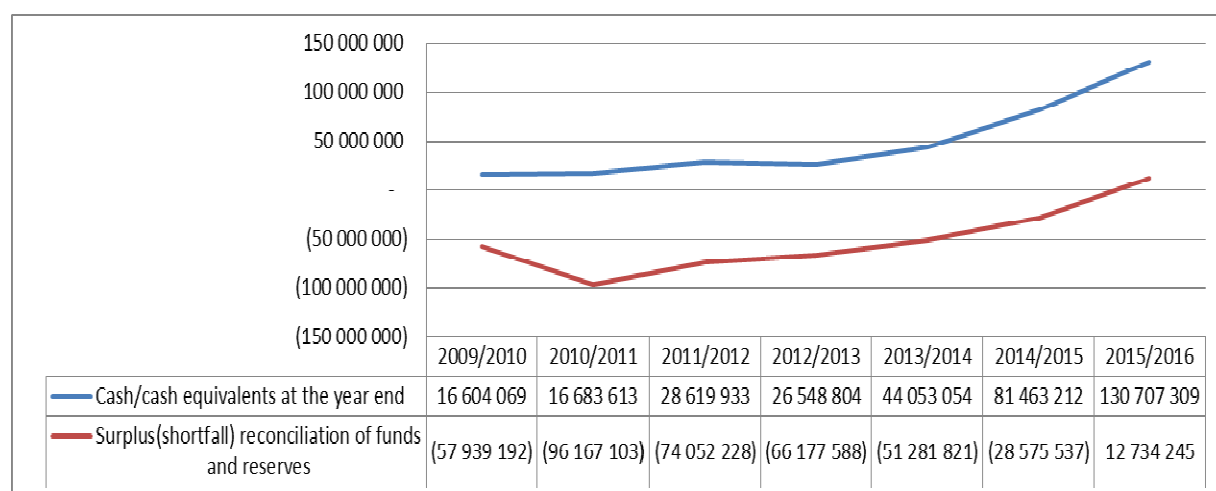


Figure 9 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 40 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	16 604	16 684	28 620	3 849	26 549	26 549	26 549	44 053	81 463	130 707
Cash + investments at the yr end less applications - R'000	18(1)b	2	(57 939)	(96 167)	(74 052)	(100 100)	(66 178)	(66 178)	(66 178)	(51 282)	(28 576)	12 734
Cash year end/monthly employee/supplier payments	18(1)b	3	1.0	0.9	1.6	0.2	1.2	1.2	1.2	1.8	3.2	4.9
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	21 768	28 128	9 108	20 775	40 428	40 428	40 428	34 590	38 576	53 317
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N/A	12.4%	6.3%	7.2%	(6.3%)	(6.0%)	(6.0%)	2.5%	(0.0%)	0.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	89.7%	100.4%	99.4%	92.6%	92.9%	92.9%	92.9%	95.2%	95.2%	95.2%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	4.3%	5.8%	4.5%	7.8%	4.8%	4.8%	4.8%	5.2%	5.2%	5.2%
Capital payments % of capital expenditure	18(1)c,19	8	100.0%	100.0%	100.0%	100.0%	78.3%	78.3%	78.3%	90.0%	90.0%	90.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	47.2%	35.9%	127.9%	85.1%	144.9%	144.9%	144.9%	83.3%	83.3%	80.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incor(decr)	18(1)a	11	N/A	18.1%	(5.6%)	(12.3%)	(13.6%)	0.0%	0.0%	0.0%	0.0%	(0.1%)
Long term receivables % change - incor(decr)	18(1)a	12	N/A	0.0%	0.0%	0.0%	31.7%	0.0%	0.0%	(37.4%)	(61.1%)	(100.0%)
R&M % of Property Plant & Equipment	20(1)(vi)	13	3.8%	2.8%	1.9%	2.2%	2.1%	2.1%	2.3%	2.3%	2.2%	2.4%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	31.9%	46.5%	33.4%	33.4%	0.0%	32.0%	20.6%	47.0%

2.6.5.1 Cash/cash equivalent position

Bitou Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of Bitou Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. The Municipality needs to achieve at least two month's cash coverage in the medium term, and then gradually move towards three months coverage. This measure will have to be carefully monitored going forward.

2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyze the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget.

2.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. Bitou Municipality has budgeted for all transfers.

2.6.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

2.6.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

2.6.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 41 MBRR SA19 - Expenditure on transfers and grant programs

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		17 459	21 090	21 024	25 425	25 425	25 425	32 804	43 412	60 019
Local Government Equitable Share		14 309	17 536	18 978	23 375	23 375	23 375	29 614	41 028	57 552
Finance Management		2 750	2 750	1 250	1 250	1 250	1 250	1 300	1 450	1 500
Municipal Systems Improvement		400	750	790	800	800	800	890	934	967
MIG Grant		-	54	6	-	-	-	1 000	-	-
EPWP Incentive		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
Provincial Government:		44 870	25 301	11 089	13 207	28 064	28 064	69 248	32 789	27 177
Provincial Management Support Grant		-	160	-	-	200	200	-	-	-
Community Development Workers		72	75	39	54	54	54	-	-	-
Libraries		184	350	386	468	468	468	525	578	636
MMC Kurland		-	-	-	-	-	-	-	-	-
Spatial Planning		-	-	-	-	-	-	-	-	-
Revitalise Urban Areas		-	-	-	-	-	-	-	-	-
Socio Economic Upgrade Informal Settlements		-	-	-	-	-	-	-	-	-
Traffic Disaster		-	-	-	-	-	-	-	-	-
Umsobomvu Youth Fund		22	-	-	-	-	-	-	-	-
Provincial Housing Grant		44 592	24 716	8 294	8 000	22 439	22 439	62 825	27 240	21 760
Kurland Project Link Subsidy Project		-	-	-	-	-	-	-	-	-
Qolweni/Bossiesgif Housing		-	-	-	-	-	-	-	-	-
Kranshoek Project Link Subsidy Housing		-	-	-	-	-	-	-	-	-
Proclaimed Roads Maintenance		-	-	302	46	46	46	1 140	-	-
EPWP		-	-	-	1 000	1 000	1 000	-	-	-
Municipal Replacement Grant		-	-	2 069	3 439	3 439	3 439	4 758	4 971	4 781
Sport and Recreation		-	-	-	200	200	200	-	-	-
Thusong		-	-	-	-	218	218	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	1 465	-	17	-	-	-	-
<i>Social Responsibility</i>		-	-	-	-	-	-	-	-	-
LED Strategy (IDC)		-	-	194	-	-	-	-	-	-
Alien Vegetation (Std Bank)		-	-	1 251	-	-	-	-	-	-
Lipton		-	-	20	-	-	-	-	-	-
MMC Kurland		-	-	-	-	17	-	-	-	-
Total operating expenditure of Transfers and Grants		62 329	46 392	33 579	38 632	53 506	53 489	102 052	76 201	87 196
Capital expenditure of Transfers and Grants										
National Government:		24 387	50 943	1 256	15 368	20 803	20 803	22 680	21 926	25 147
MIG Grant		9 631	9 040	6	14 655	14 655	14 655	16 845	18 926	20 147

Table 42 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		—	—	—	—	—	—	—	—	—
Current year receipts		17 459	21 090	21 024	26 425	26 413	26 413	32 804	43 412	60 019
Conditions met - transferred to revenue		17 459	21 090	21 024	26 425	26 413	26 413	32 804	43 412	60 019
Conditions still to be met - transferred to liabilities		—	—	—	—	—	—	—	—	—
Provincial Government:										
Balance unspent at beginning of the year		(3 379)	7 950	26 206	—	—	—	—	—	—
Current year receipts		56 198	43 558	20 375	12 207	30 139	30 139	69 248	32 789	27 177
Conditions met - transferred to revenue		44 870	25 301	11 089	12 207	30 139	30 139	69 248	32 789	27 177
Conditions still to be met - transferred to liabilities		7 950	26 206	35 492	—	—	—	—	—	—
District Municipality:										
Balance unspent at beginning of the year		—	—	—	—	—	—	—	—	—
Current year receipts		—	—	—	—	—	—	—	—	—
Conditions met - transferred to revenue		—	—	—	—	—	—	—	—	—
Conditions still to be met - transferred to liabilities		—	—	—	—	—	—	—	—	—
Other grant providers:										
Balance unspent at beginning of the year		—	—	—	—	—	—	—	—	—
Current year receipts		—	—	—	—	—	—	—	—	—
Conditions met - transferred to revenue		—	—	—	—	—	—	—	—	—
Conditions still to be met - transferred to liabilities		—	—	—	—	—	—	—	—	—
Total operating transfers and grants revenue		62 329	46 392	32 113	38 632	56 552	56 552	102 052	76 201	87 196
Total operating transfers and grants - CTBM	2	7 950	26 206	35 492	—	—	—	—	—	—
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		18 240	14 062	7 774	—	—	—	—	—	—
Current year receipts		20 733	44 655	24 065	15 368	20 803	—	22 680	21 926	25 147
Conditions met - transferred to revenue		24 910	50 943	26 697	15 368	20 803	—	22 680	21 926	25 147
Conditions still to be met - transferred to liabilities		14 062	7 774	5 143	—	—	—	—	—	—
Provincial Government:										
Balance unspent at beginning of the year		—	—	—	—	—	—	—	—	—
Current year receipts		—	9 272	—	7 608	21 772	—	13 767	13 545	14 265
Conditions met - transferred to revenue		—	9 272	—	7 608	21 772	—	13 767	13 545	14 265
Conditions still to be met - transferred to liabilities		—	—	—	—	—	—	—	—	—
District Municipality:										
Balance unspent at beginning of the year		—	—	—	—	—	—	—	—	—
Current year receipts		—	1 000	—	—	—	—	—	—	—
Conditions met - transferred to revenue		—	1 000	—	—	—	—	—	—	—
Conditions still to be met - transferred to liabilities		—	—	—	—	—	—	—	—	—
Other grant providers:										
Balance unspent at beginning of the year		—	—	—	—	—	—	—	—	—
Current year receipts		—	—	—	—	—	—	—	—	—
Conditions met - transferred to revenue		—	—	—	—	—	—	—	—	—
Conditions still to be met - transferred to liabilities		—	—	—	—	—	—	—	—	—
Total capital transfers and grants revenue		24 910	61 215	26 697	22 976	42 575	—	36 447	35 471	39 412
Total capital transfers and grants - CTBM	2	14 062	7 774	5 143	—	—	—	—	—	—
TOTAL TRANSFERS AND GRANTS REVENUE		87 239	107 607	58 810	61 608	99 126	56 552	138 498	111 672	126 608
TOTAL TRANSFERS AND GRANTS - CTBM		22 012	33 981	40 635	—	—	—	—	—	—

2.8 Councillor and employee benefits

Table 43 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		1 867	1 814	2 503	3 013	2 758	2 758	2 955	3 147	3 324
Pension and UIF Contributions		121	218	86	108	123	123	123	131	139
Medical Aid Contributions		148	114	130	109	86	86	69	74	78
Motor Vehicle Allowance		555	553	806	947	795	795	694	739	787
Cellphone Allowance		160	152	200	198	217	217	218	233	248
Housing Allowances		142	128	—	—	194	194	355	378	403
Other benefits and allowances		—	15	10	—	—	—	—	—	—
Sub Total - Councillors		2 992	2 993	3 735	4 374	4 173	4 173	4 415	4 701	4 979
% increase	4		0.0%	24.8%	17.1%	(4.6%)	—	5.8%	6.5%	5.9%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		4 438	4 618	4 982	5 065	6 234	6 234	6 321	6 731	7 169
Pension and UIF Contributions		—	—	—	178	434	434	437	466	496
Medical Aid Contributions		—	—	—	120	151	151	115	122	130
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		476	570	4	545	0	0	210	223	238
Motor Vehicle Allowance	3	1 055	973	966	795	1 065	1 065	1 025	1 092	1 163
Cellphone Allowance	3	108	108	4	113	96	96	108	115	122
Housing Allowances	3	—	—	—	10	108	108	108	115	122
Other benefits and allowances	3	203	344	330	—	81	81	—	—	—
Payments in lieu of leave		—	—	—	—	—	—	166	177	189
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
Sub Total - Senior Managers of Municipality		6 280	6 613	6 285	6 826	8 169	8 169	8 490	9 042	9 630
% increase	4		5.3%	(4.9%)	8.6%	19.7%	—	3.9%	6.5%	6.5%
Other Municipal Staff										
Basic Salaries and Wages		45 735	55 138	53 380	58 355	62 282	62 282	69 642	74 169	78 990
Pension and UIF Contributions		9 227	8 610	8 501	10 202	9 395	9 395	10 919	11 628	12 384
Medical Aid Contributions		6 599	8 334	8 166	9 723	9 502	9 502	10 841	11 545	12 296
Overtime		4 207	4 031	3 242	3 100	3 200	3 200	2 830	2 971	3 160
Performance Bonus		3 452	4 541	3 885	5 023	3 831	3 831	4 237	4 512	4 806
Motor Vehicle Allowance	3	4 064	4 746	4 498	5 396	3 757	3 757	4 496	4 788	5 100
Cellphone Allowance	3	550	731	706	722	533	533	273	291	310
Housing Allowances	3	604	618	717	944	833	833	712	758	808
Other benefits and allowances	3	6 855	6 843	3 436	3 851	3 517	3 517	4 506	4 782	5 076
Payments in lieu of leave		2 084	1 955	1 892	806	806	806	1 999	2 129	2 267
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	6 113	6 113	6 113	6 113	7 798	8 305	8 845
Sub Total - Other Municipal Staff		83 376	95 546	94 536	104 235	103 770	103 770	118 252	125 880	134 041
% increase	4		14.6%	(1.1%)	10.3%	(0.4%)	—	14.0%	6.5%	6.5%
TOTAL SALARY, ALLOWANCES & BENEFITS		92 649	105 151	104 557	115 435	116 112	116 112	131 157	139 623	148 650
% increase	4		13.5%	(0.6%)	10.4%	0.6%	—	13.0%	6.5%	6.5%
TOTAL MANAGERS AND STAFF	5,7	89 656	102 158	100 822	111 061	111 939	111 939	126 742	134 922	143 671

Table 44 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		387 329	-	148 982			536 311
Chief Whip			-	-	-			-
Executive Mayor			405 984	78 178	201 215			685 377
Deputy Executive Mayor			370 049	17 280	148 982			536 311
Executive Committee			663 853	62 390	281 825			1 008 068
Total for all other councillors			1 128 018	33 972	486 498			1 648 488
Total Councillors	8	-	2 955 233	191 820	1 267 502			4 414 555
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 034 378	211 277	275 995	77 854		1 599 504
Chief Finance Officer			1 159 096	22 089	260 205	-		1 441 390
HOD: Community Services			1 088 095	40 744	233 493	-		1 362 332
HOD: Corporate Services			966 770	159 089	104 712	131 762		1 362 333
HOD: Planning and Economic Dev.			1 003 835	1 785	356 712	-		1 362 332
HOD: Infrastructure Services			1 068 471	117 150	176 712	-		1 362 333
List of each official with packages >= senior manager								
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
Total Senior Managers of the Municipality	8,10	-	6 320 645	552 134	1 407 829	209 616		8 490 224

Table 45 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2011/12			Current Year 2012/13			Budget Year 2013/14		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		14		14	13	5	8	13	–	13
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	14	1	13	6	–	6	6		6
Other Managers	7	27	26	1	29	7	22	22	6	16
Professionals		109	103	6	62	61	1	210	177	33
Finance		4	4		7	7	–	16	10	6
Spatial/town planning		2	2		9	9	–	18	18	
Information Technology								1		1
Roads		2	2		3	3	–	4	4	
Electricity		4	4		11	10	1	8	8	
Water		3	3		25	25	–	41	41	
Sanitation		1	1		4	4	–	3	3	
Refuse		1	1		3	3	–	8	8	
Other		92	86	6				111	86	26
Technicians		39	39	7	164	164	–	152	134	18
Finance		6	6	7	6	6	–			
Spatial/town planning										
Information Technology		1	1	–				2	2	
Roads		3	3		27	27	–	18	18	
Electricity		19	19		21	21	–	23	23	
Water		6	6		3	3	–			
Sanitation					22	22		16	16	
Refuse					59	59		70	52	18
Other		4	4	–	26	26	–	23	23	
Clerks (Clerical and administrative)		63	63	–	70	60	10	65	32	33
Service and sales workers		244	244	–	129	129	–	249	151	98
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		40	40	–	8	8	–	16	16	
Elementary Occupations										
TOTAL PERSONNEL NUMBERS	9	550	516	41	481	434	47	733	516	217
%increase					(12.5%)	(15.9%)	14.6%	52.4%	18.9%	361.7%
Total municipal employees headcount	6, 10	536	516	20	448	401	47	569	378	191
Finance personnel headcount	8, 10	33	31	2	47	43	4	40	33	7
Human Resources personnel headcount	8, 10	5	5		3	2	1	4	2	2

2.9 Monthly targets for revenue, expenditure and cash flow

Table 46 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand																
Revenue By Source																
Property rates		88 724	(323)	(229)	240	(639)	80	657	37	(72)	(5)	(115)	893	89 247	94 066	99 146
Property rates - penalties & collection charges		275	275	275	275	275	275	275	275	275	275	275	275	3 300	3 300	3 400
Service charges - electricity revenue		8 362	8 379	8 734	8 042	8 712	7 244	9 099	8 929	9 685	6 838	8 165	10 227	102 415	109 761	117 635
Service charges - water revenue		5 174	2 283	2 477	2 527	2 582	2 911	3 497	2 571	4 312	3 308	2 570	128	34 338	36 193	38 147
Service charges - sanitation revenue		37 569	(363)	118	(304)	71	(249)	33	(85)	523	328	428	(2 903)	35 165	37 064	39 066
Service charges - refuse revenue		25 128	(368)	(282)	(136)	(353)	(255)	58	(885)	250	(292)	(43)	(1 817)	21 004	22 138	23 334
Service charges - other		949	949	949	949	949	949	949	1 564	949	949	949	(11 053)	-	-	-
Rental of facilities and equipment		85	85	95	86	90	149	87	76	87	20	73	280	1 213	1 104	1 153
Interest earned - external investments		148	148	148	148	148	148	148	148	148	148	148	148	1 770	1 500	1 650
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		33	344	326	299	269	240	229	566	434	382	260	725	4 107	4 308	4 209
Licences and permits		6	6	6	6	6	6	6	6	6	6	6	6	74	77	81
Agency services		125	39	102	80	66	341	(63)	210	(371)	(570)	485	764	1 208	1 268	1 350
Transfers recognised - operational		2 159	209	697	291	332	362	276	708	217	133	466	96 202	102 052	76 201	87 196
Other revenue		2 931	2 625	2 625	4 231	2 625	2 625	7 382	2 625	5 649	78 061	2 625	(107 550)	6 455	6 877	7 311
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		171 666	14 286	16 041	16 734	15 132	14 827	22 630	16 744	22 091	89 580	16 291	(13 674)	402 348	393 857	423 676
Expenditure By Type																
Employee related costs		10 146	9 856	10 684	11 317	14 116	10 915	10 671	10 149	9 707	9 670	10 085	9 425	126 742	134 922	143 671
Remuneration of councillors		358	362	366	365	370	373	369	369	386	405	405	288	4 415	4 701	4 979
Debt impairment		118	118	118	118	118	118	118	118	118	118	118	13 660	14 959	15 851	16 803
Depreciation & asset impairment		158	158	158	158	158	158	158	158	158	158	158	19 355	21 095	21 728	22 380
Finance charges		4	4	4	4	4	6 055	4	4	4	4	1 033	6 378	13 498	13 498	13 498
Bulk purchases		223	12 726	10 159	5 125	5 881	5 972	14 188	6 424	6 172	(1 373)	5 532	6 553	77 582	83 783	90 478
Other materials		-	-	-	-	-	-	-	-	-	-	-	3 083	3 083	3 247	3 509
Contracted services		1 388	1 521	1 055	1 730	1 846	1 354	1 690	1 265	1 798	1 479	613	3 854	19 593	21 443	21 997
Transfers and grants		219	219	219	219	219	219	219	219	219	219	219	220	2 630	3 240	3 480
Other expenditure		1 972	3 872	4 453	8 736	5 765	4 906	1 868	7 164	3 783	3 937	5 377	68 774	120 607	88 340	88 977
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		14 586	28 836	27 215	27 771	28 478	30 070	29 285	25 870	22 345	14 617	23 539	131 591	404 204	390 753	409 771
Surplus/(Deficit)																
Transfers recognised - capital		1 634	11 507	1 634	1 634	1 634	8 605	1 634	1 634	1 634	1 634	1 634	1 633	36 447	35 471	39 412
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		158 714	(3 043)	(9 541)	(9 404)	(11 713)	(6 638)	(5 022)	(7 492)	1 380	76 597	(5 614)	(143 633)	34 590	38 576	53 317
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	158 714	(3 043)	(9 541)	(9 404)	(11 713)	(6 638)	(5 022)	(7 492)	1 380	76 597	(5 614)	(143 633)	34 590	38 576	53 317

Table 47 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote																
Vote 1 - Council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - Office of the Municipal Manager		3 107	3 107	3 107	3 107	3 107	3 107	3 107	3 107	3 107	3 107	3 107	3 107	37 281	47 476	64 294
Vote 3 - Community Services		26 767	1 195	1 328	1 728	1 163	1 583	6 150	1 419	1 487	76 065	1 870	(11 744)	109 011	74 905	71 233
Vote 4 - Corporate Services		15	13	54	15	31	16	24	13	20	19	32	202	454	347	400
Vote 5 - Financial Services		88 767	(280)	(183)	1 585	(595)	123	700	80	(28)	39	(72)	937	91 072	96 093	101 274
Vote 6 - Planning and Economic Dev.		190	142	129	132	183	127	149	201	96	133	270	227	1 979	2 079	2 182
Vote 7 - Infrastructure Services		53 505	20 666	12 291	10 852	11 929	17 528	13 185	11 994	18 094	10 903	11 768	6 282	198 997	208 428	223 705
Total Revenue by Vote		172 351	24 844	16 726	17 418	15 816	22 483	23 314	16 814	22 776	90 265	16 975	(988)	438 794	429 328	463 088
Expenditure by Vote to be appropriated																
Vote 1 - Council		390	388	389	396	420	399	391	387	423	426	432	882	5 322	5 658	6 015
Vote 2 - Office of the Municipal Manager		1 731	1 613	1 947	3 442	1 816	2 446	1 412	3 339	1 316	1 650	1 742	3 425	25 878	27 467	28 265
Vote 3 - Community Services		4 827	5 702	6 687	6 442	8 327	7 027	6 285	5 771	6 367	5 977	7 819	69 419	140 648	108 905	108 319
Vote 4 - Corporate Services		911	2 663	1 662	4 137	3 172	1 363	603	3 334	1 295	1 601	1 214	2 771	24 726	25 841	27 295
Vote 5 - Financial Services		1 954	1 625	1 647	2 821	2 578	1 653	1 681	1 590	2 083	1 292	1 589	8 290	28 803	30 929	32 691
Vote 6 - Planning and Economic Dev.		1 155	1 175	1 199	1 188	1 399	2 305	1 185	1 068	1 052	999	1 535	4 156	18 416	19 408	20 440
Vote 7 - Infrastructure Services		3 829	15 940	13 922	9 602	11 021	15 076	18 018	10 616	10 093	2 904	9 452	39 937	160 410	172 544	186 746
Total Expenditure by Vote		14 797	29 105	27 453	28 027	28 733	30 270	29 574	26 105	22 629	14 848	23 783	128 880	404 204	390 753	409 771
Surplus/(Deficit) before assoc.		157 554	(4 261)	(10 727)	(10 609)	(12 917)	(7 787)	(6 260)	(9 291)	147	75 417	(6 807)	(129 869)	34 590	38 576	53 317
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	157 554	(4 261)	(10 727)	(10 609)	(12 917)	(7 787)	(6 260)	(9 291)	147	75 417	(6 807)	(129 869)	34 590	38 576	53 317

Table 48 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue - Standard																
Governance and administration		91 920	2 872	3 018	4 738	2 578	3 277	3 864	3 236	3 131	3 194	3 093	4 276	129 196	144 494	166 573
Executive and council		121	121	121	121	121	121	121	121	121	121	114	128	1 450	500	550
Budget and treasury office		88 724	(322)	(226)	1 542	(638)	81	658	38	(70)	(4)	(114)	894	90 562	95 532	100 662
Corporate services		3 075	3 074	3 123	3 075	3 095	3 075	3 086	3 078	3 080	3 077	3 093	3 254	37 184	48 462	65 361
Community and public safety		1 639	1 564	1 610	1 864	1 516	1 837	6 092	2 305	1 237	76 357	1 914	(9 926)	88 007	52 767	47 900
Community and social services		346	43	42	347	41	40	4 798	44	41	43	45	(42)	5 789	6 159	6 552
Sport and recreation		33	33	33	31	34	100	20	376	21	(39)	18	(80)	578	606	637
Public safety		158	382	430	381	336	593	169	780	70	(189)	746	1 500	5 356	5 619	5 606
Housing		1 103	1 105	1 105	1 105	1 105	1 105	1 105	1 105	1 105	76 541	1 105	(11 304)	76 284	40 384	35 105
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		144	98	75	86	134	81	93	153	3 068	85	224	(1 706)	2 534	1 464	1 537
Planning and development		144	98	75	86	134	81	93	153	45	85	224	178	1 394	1 464	1 537
Road transport		-	-	-	-	-	-	-	-	3 023	-	-	(1 883)	1 140	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		78 633	20 298	12 009	10 716	11 576	17 273	13 243	11 109	15 320	10 611	11 725	6 349	218 861	230 566	247 039
Electricity		8 481	8 301	9 189	8 090	8 793	7 380	9 125	8 994	9 738	6 865	8 197	10 418	103 569	113 938	123 899
Water		5 462	12 232	2 477	2 527	2 584	9 885	3 496	2 573	4 315	3 316	2 571	128	51 567	55 536	58 733
Waste water management		39 562	133	625	235	551	263	564	427	1 018	723	1 001	(2 381)	42 722	38 954	41 074
Waste management		25 128	(368)	(282)	(136)	(353)	(255)	58	(885)	250	(292)	(43)	(1 817)	21 004	22 138	23 334
Other		14	13	14	15	13	16	23	12	19	18	13	26	196	38	40
Total Revenue - Standard		172 351	24 844	16 726	17 418	15 816	22 483	23 314	16 814	22 776	90 265	16 969	(982)	438 794	429 328	463 088
Expenditure - Standard																
Governance and administration		5 389	6 733	6 088	11 324	8 445	7 201	4 442	9 026	5 434	5 193	5 879	17 968	93 120	98 594	103 295
Executive and council		2 522	2 057	2 697	3 335	2 430	3 238	2 031	2 144	1 555	1 570	2 420	4 407	30 403	31 868	33 020
Budget and treasury office		1 337	1 290	1 023	1 612	1 980	962	1 385	972	1 703	908	906	6 587	20 662	22 146	23 511
Corporate services		1 530	3 386	2 368	6 378	4 035	3 001	1 026	5 909	2 177	2 716	2 554	6 974	42 055	44 580	46 764
Community and public safety		3 484	4 236	5 059	4 860	5 904	5 163	4 743	4 198	4 493	4 447	6 173	66 774	119 535	86 612	84 827
Community and social services		735	1 035	990	1 266	1 260	1 354	949	755	845	949	819	1 413	12 367	13 085	13 643
Sport and recreation		938	1 100	1 106	1 249	1 746	1 426	1 537	1 324	1 188	1 255	1 173	2 475	16 516	17 389	18 441
Public safety		1 416	1 512	1 700	1 848	2 399	1 760	1 748	1 603	1 918	1 643	1 993	3 039	22 578	23 713	25 106
Housing		395	591	1 263	497	500	625	509	516	543	600	2 189	59 847	68 074	32 426	27 637
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		1 656	1 480	1 891	1 937	2 354	3 731	1 831	1 648	1 647	1 624	1 648	8 429	29 876	30 705	32 276
Planning and development		905	881	965	936	1 161	1 265	957	899	800	798	764	1 283	11 611	12 208	12 959
Road transport		751	600	926	1 001	1 194	2 466	874	749	848	826	884	7 146	18 265	18 497	19 318
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		4 100	16 487	14 249	9 682	11 836	13 989	18 363	10 982	10 873	3 333	9 897	34 998	158 788	171 597	185 886
Electricity		893	13 624	11 051	6 085	7 350	8 560	15 058	7 356	7 190	(417)	6 766	13 897	97 414	107 686	118 555
Water		1 622	1 282	1 374	1 673	1 635	2 679	1 474	1 716	1 508	1 843	1 033	7 984	25 823	26 606	28 217
Waste water management		357	231	332	463	562	1 068	412	432	370	447	553	10 575	15 800	16 463	17 168
Waste management		1 228	1 350	1 492	1 462	2 290	1 682	1 418	1 477	1 805	1 460	1 545	2 543	19 751	20 841	21 946
Other		168	169	168	224	195	185	196	252	182	251	184	711	2 884	3 244	3 487
Total Expenditure - Standard		14 797	29 105	27 453	28 027	28 733	30 270	29 574	26 105	22 629	14 848	23 783	128 880	404 204	390 753	409 771
Surplus/(Deficit) before assoc.		157 554	(4 261)	(10 727)	(10 609)	(12 917)	(7 787)	(6 260)	(9 291)	147	75 417	(6 814)	(129 862)	34 590	38 576	53 317
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	157 554	(4 261)	(10 727)	(10 609)	(12 917)	(7 787)	(6 260)	(9 291)	147	75 417	(6 814)	(129 862)	34 590	38 576	53 317

Table 49 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Multi-year expenditure to be appropriated	1															
Vote 1 - Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Community Services		-	-	-	-	-	-	-	-	-	-	-	5 986	5 986	7 129	7 000
Vote 4 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Financial Services		-	-	-	-	-	-	-	-	-	-	-	-	-	1 000	1 000
Vote 6 - Planning and Economic Dev.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Infrastructure Services		-	-	-	-	-	-	-	-	-	-	-	19 509	19 509	10 609	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	25 495	25 495	18 738	8 000
Single-year expenditure to be appropriated																
Vote 1 - Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	147	147	-	-
Vote 3 - Community Services		-	-	-	-	-	-	-	-	-	-	-	12 556	12 556	12 520	15 876
Vote 4 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	682	682	-	-
Vote 5 - Financial Services		-	-	-	-	-	-	-	-	-	-	-	495	495	-	-
Vote 6 - Planning and Economic Dev.		-	-	-	-	-	-	-	-	-	-	-	426	426	-	-
Vote 7 - Infrastructure Services		-	-	-	-	-	-	-	-	-	-	-	4 225	4 225	11 924	23 327
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	18 531	18 531	24 444	39 203
Total Capital Expenditure	2	-	-	-	-	-	-	-	-	-	-	-	44 026	44 026	43 182	47 203

Table 50 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-	-	1 347	1 347	1 000
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	128	128	-
Budget and treasury office		-	-	-	-	-	-	-	-	-	-	-	-	417	417	1 000
Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	802	802	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	-	14 156	14 156	14 649
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	1 799	1 799	795
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	23	23	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	588	588	2 450
Housing		-	-	-	-	-	-	-	-	-	-	-	-	11 747	11 747	11 404
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-	-	-	-	3 664	3 664	8 601
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	403	403	-
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	3 261	3 261	8 601
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	-	24 859	24 859	18 932
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	1 306	1 306	6 993
Water		-	-	-	-	-	-	-	-	-	-	-	-	9 503	9 503	3 084
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	9 663	9 663	3 855
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	4 386	4 386	5 000
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	2	-	-	-	-	-	-	-	-	-	-	-	-	44 026	44 026	43 182

Table 51 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash Receipts By Source													1		
Property rates	84 276	(307)	(762)	228	(607)	76	624	35	(68)	(4)	(110)	1 404	84 785	89 363	94 189
Property rates - penalties & collection charges	261	261	261	261	261	261	261	261	261	261	261	261	3 135	3 135	3 230
Service charges - electricity revenue	7 944	7 960	8 297	7 640	8 276	6 882	8 644	8 482	9 201	6 496	7 757	9 716	97 294	104 273	111 753
Service charges - water revenue	4 915	2 169	2 353	2 400	2 453	2 765	3 322	2 443	4 096	3 142	2 441	121	32 622	34 383	36 240
Service charges - sanitation revenue	35 691	(345)	112	(289)	67	(237)	31	(81)	497	312	407	(2 758)	33 407	35 211	37 112
Service charges - refuse revenue	23 872	(350)	(267)	(129)	(335)	(242)	55	(841)	237	(277)	(41)	(1 726)	19 954	21 031	22 167
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	85	85	95	86	90	149	87	76	87	20	73	280	1 213	1 104	1 153
Interest earned - external investments	148	148	148	148	148	148	148	148	148	148	148	148	1 770	1 500	1 650
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	33	344	326	299	269	240	229	566	434	382	260	725	4 107	4 308	4 209
Licences and permits	6	6	6	6	6	6	6	6	6	6	6	6	74	77	81
Agency services	125	39	102	80	66	341	(63)	210	(371)	(570)	485	764	1 208	1 268	1 350
Transfer receipts - operational	2 931	2 625	2 625	4 231	2 625	2 625	7 382	2 625	5 649	78 061	2 625	(11 954)	102 052	76 201	87 196
Other revenue	2 159	209	697	291	332	362	276	708	217	133	466	606	6 455	6 877	7 311
Cash Receipts by Source	162 444	12 843	13 994	15 253	13 650	13 377	21 000	14 639	20 394	88 109	14 778	(2 406)	388 074	378 731	407 640
Other Cash Flows by Source															
Transfer receipts - capital	1 634	11 507	1 634	1 634	1 634	8 605	1 634	1 634	1 634	1 634	1 634	1 633	36 447	35 471	39 412
Contributions recognised - capital & Contributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	10 000	-	-	-	10 000	10 000	10 000
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	314	314	329	347
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	164 077	24 350	15 627	16 886	15 284	21 983	22 633	16 272	32 027	89 742	16 411	(459)	434 835	424 531	457 399
Cash Payments by Type															
Employee related costs	9 284	9 018	9 775	10 355	12 917	9 987	9 764	9 287	8 882	8 848	9 227	8 624	115 969	123 453	131 459
Remuneration of councillors	351	355	358	357	362	365	362	362	378	397	397	282	4 326	4 607	4 879
Finance charges	3	3	3	3	3	5 934	3	3	3	3	1 012	6 251	13 228	13 228	13 228
Bulk purchases - Electricity	202	12 455	9 940	5 006	5 747	5 837	13 888	6 279	6 032	(1 361)	5 405	6 406	75 834	81 901	88 453
Bulk purchases - Water & Sewer	16	16	16	16	16	16	16	16	16	16	16	16	196	206	216
Other materials	206	264	233	251	250	196	284	230	278	226	239	364	3 021	3 182	3 438
Contracted services	1 360	1 490	1 034	1 695	1 809	1 327	1 656	1 240	1 762	1 449	601	3 777	19 201	21 014	21 557
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	215	215	215	215	215	215	215	215	215	215	215	216	2 577	3 175	3 410
Other expenditure	1 909	3 753	4 316	8 470	5 589	4 755	1 809	6 946	3 667	3 816	5 212	82 058	132 300	85 649	86 264
Cash Payments by Type	13 547	27 570	25 891	26 369	26 909	28 632	27 997	24 577	21 233	13 609	22 324	107 995	366 653	336 415	352 904
Other Cash Flows/Payments by Type															
Capital assets	-	-	-	-	-	-	-	-	-	-	-	39 623	39 623	38 864	42 482
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	11 054	11 054	11 842	12 768
Other Cash Flow s/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	13 547	27 570	25 891	26 369	26 909	28 632	27 997	24 577	21 233	13 609	22 324	158 672	417 330	387 121	408 155
NET INCREASE/(DECREASE) IN CASH HELD	150 530	(3 220)	(10 264)	(9 483)	(11 626)	(6 649)	(5 363)	(8 305)	10 794	76 133	(5 912)	(159 131)	17 504	37 410	49 244
Cash/cash equivalents at the month/year begin:	26 549	177 079	173 859	163 595	154 112	142 486	135 837	130 474	122 169	132 963	209 096	203 184	26 549	44 053	81 463
Cash/cash equivalents at the month/year end:	177 079	173 859	163 595	154 112	142 486	135 837	130 474	122 169	132 963	209 096	203 184	44 053	44 053	81 463	130 707

2.10 Contracts having future budgetary implications

In terms of Bitou Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.11 Capital expenditure details

The following three tables present details of Bitou Municipality's capital expenditure program, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 52 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure	2	93 436	69 163	13 335	21 326	31 713	31 713	26 461	31 050	21 965
Infrastructure - Road transport		27 633	10 305	6 194	213	5 675	5 675	1 216	4 970	-
Roads, Pavements & Bridges		27 633	10 305	6 194	213	5 675	5 675	1 216	4 970	-
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		21 499	14 872	114	850	3 911	3 911	-	5 993	4 386
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		21 200	14 670	-	850	3 911	3 911	-	5 993	4 386
Street Lighting		299	202	114	-	-	-	-	-	-
Infrastructure - Water		15 380	36 221	6 448	8 355	7 955	7 955	9 175	3 684	1 000
Dams & Reservoirs		-	-	-	8 355	7 955	7 955	9 175	2 684	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		15 380	36 221	6 448	-	-	-	-	1 000	1 000
Infrastructure - Sanitation		5 755	1 138	197	-	4 300	4 300	-	-	-
Reticulation		5 755	1 138	197	-	4 300	4 300	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		23 169	6 627	383	11 908	9 872	9 872	16 070	16 404	16 579
Waste Management		78	-	190	4 300	-	-	4 386	5 000	5 000
Transportation		-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other		23 091	6 627	193	7 608	9 872	9 872	11 684	11 404	11 579
Community		7 005	10 623	2 158	-	3 950	3 950	1 355	350	-
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		1 490	5 444	-	-	3 100	3 100	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		631	-	-	-	-	-	-	-	-
Libraries		1 235	4 205	143	-	-	-	-	-	-
Recreational facilities		492	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	55	100	-
Security and policing		13	353	15	-	450	450	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		398	622	2 000	-	400	400	1 300	250	-
Social rental housing		2 746	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	
Buildings	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	
Investment properties	-	-	-	-	-	-	-	-	-	
Housing development	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	
Other assets	8 167	22 963	8 815	3 529	3 862	3 862	2 107	2 895	3 065	
General vehicles	-	-	-	-	-	-	-	-	-	
Specialised vehicles	-	1 203	36	-	3 100	3 100	-	-	-	
Plant & equipment	570	424	807	29	370	370	293	300	471	
Computers - hardware/equipment	-	-	-	-	-	-	554	150	115	
Furniture and other office equipment	1 183	480	575	-	392	392	960	66	374	
Abattoirs	-	-	-	-	-	-	-	-	-	
Markets	-	-	-	-	-	-	-	-	-	
Civic Land and Buildings	-	-	-	-	-	-	-	-	-	
Other Buildings	1 659	18 302	5 010	3 500	-	-	300	2 379	2 105	
Other Land	-	-	-	-	-	-	-	-	-	
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	
Other	4 756	2 555	2 386	-	-	-	-	-	-	
Agricultural assets	-	-	-	-	-	-	-	-	-	
Agricultural 1	-	-	-	-	-	-	-	-	-	
Agricultural 2	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
Biological 1	-	-	-	-	-	-	-	-	-	
Biological 2	-	-	-	-	-	-	-	-	-	
Intangibles	-	1 472	-	-	-	-	-	-	-	
Computers - software & programming	-	1 472	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	
Total Capital Expenditure on new assets	1	108 608	104 221	24 308	24 855	39 525	39 525	29 922	34 295	25 030

Table 53 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	2 234	21 621	19 850	19 850	13 453	8 887	18 841
Infrastructure - Road transport		-	-	-	4 000	10 700	10 700	2 300	3 932	10 546
Roads, Pavements & Bridges		-	-	-	4 000	10 700	10 700	2 300	3 932	10 546
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	1 667	9 000	250	250	1 270	1 000	500
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	-	9 000	250	250	1 270	1 000	500
Street Lighting		-	-	1 667	-	-	-	-	-	-
Infrastructure - Water		-	-	217	4 150	500	500	250	400	7 796
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	-	217	4 150	500	500	250	400	7 796
Infrastructure - Sanitation		-	-	350	4 471	8 400	8 400	9 633	3 555	-
Reticulation		-	-	350	4 471	8 400	8 400	9 633	3 555	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation	2	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other	3	-	-	-	-	-	-	-	-	-
Community		-	-	9 142	-	-	-	-	-	2 632
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	2 632
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	9 142	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing	8	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	650	-	700
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		-	-	-	-	-	-	350	-	-
Furniture and other office equipment		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	-	-	-	-	-	300	-	700
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
Agricultural 1		-	-	-	-	-	-	-	-	-
Agricultural 2		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Biological 1		-	-	-	-	-	-	-	-	-
Biological 2		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing	1	-	-	11 376	21 621	19 850	19 850	14 103	8 887	22 173

Table 54 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure	2	6 851	5 941	5 352	7 212	6 268	6 268	7 232	7 426	7 937	
Infrastructure - Road transport		2 189	861	1 793	1 442	1 357	1 357	1 480	1 675	1 765	
Roads, Pavements & Bridges		1 636	433	1 432	1 060	1 054	1 054	1 130	1 225	1 315	
Storm water		553	428	361	382	304	304	350	450	450	
Infrastructure - Electricity		1 290	1 300	1 688	1 396	1 746	1 746	1 752	1 855	2 056	
Generation		-	-	-	-	-	-	-	-	-	
Transmission & Reticulation		1 235	1 278	1 673	1 316	1 636	1 636	1 666	1 764	1 959	
Street Lighting		55	22	15	80	110	110	87	90	97	
Infrastructure - Water		949	341	31	1 999	593	593	831	971	1 030	
Dams & Reservoirs		-	-	-	-	-	-	-	-	-	
Water purification		107	143	-	1 850	445	445	625	807	859	
Reticulation		842	198	31	148	148	148	206	164	171	
Infrastructure - Sanitation		1 675	1 324	959	1 725	1 920	1 920	2 478	2 226	2 375	
Reticulation		1 420	1 211	954	1 704	1 899	1 899	2 228	1 961	2 095	
Sewerage purification		255	113	5	21	21	21	250	265	280	
Infrastructure - Other		748	2 117	881	650	650	650	690	700	710	
Waste Management		748	2 117	881	650	650	650	690	700	710	
Transportation		-	-	-	-	-	-	-	-	-	
Gas		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	
Community		3	2 559	3 024	2 010	2 564	2 402	2 402	1 609	1 699	1 796
Parks & gardens		7	-	-	-	-	-	-	-	-	-
Sportsfields & stadia			-	-	274	318	318	318	250	260	270
Swimming pools			-	-	-	-	-	-	-	-	-
Community halls			-	-	-	-	-	-	-	-	-
Libraries			-	-	-	-	-	-	-	-	-
Recreational facilities			399	505	308	403	368	368	405	429	460
Fire, safety & emergency			-	-	-	-	-	-	-	-	-
Security and policing			-	-	-	-	-	-	-	-	-
Buses			-	-	-	-	-	-	-	-	-
Clinics			-	-	-	-	-	-	-	-	-
Museums & Art Galleries			-	-	-	-	-	-	-	-	-
Cemeteries			-	-	-	-	-	-	-	-	-
Social rental housing			-	-	-	-	-	-	-	-	-
Other			2 160	2 519	1 428	1 843	1 716	1 716	954	1 010	1 066
Heritage assets		9	-	-	-	-	-	-	-	-	-
Buildings			-	-	-	-	-	-	-	-	-
Other	-		-	-	-	-	-	-	-	-	
Investment properties	8	-	-	-	-	-	-	-	-	-	
Housing development		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	
Other assets	10	7 505	5 874	2 900	3 491	3 320	3 320	4 762	4 653	5 658	
General vehicles		1 357	1 155	1 161	1 143	1 167	1 167	1 451	1 523	1 616	
Specialised vehicles		-	-	-	-	-	-	-	-	-	
Plant & equipment		595	740	260	471	356	356	696	700	1 089	
Computers - hardware/equipment		39	12	24	39	39	39	268	388	408	
Furniture and other office equipment		16	29	2	13	13	13	45	43	48	
Abattoirs		-	-	-	-	-	-	-	-	-	
Markets		-	-	-	-	-	-	-	-	-	
Civic Land and Buildings		5 233	3 742	1 383	1 653	1 647	1 647	2 117	1 800	2 281	
Other Buildings		179	65	60	64	40	40	60	63	66	
Other Land		-	-	-	-	-	-	-	-	-	
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-	
Other		86	131	11	109	59	59	125	136	150	
Agricultural assets			-	-	-	-	-	-	-	-	-
Agricultural 1	-		-	-	-	-	-	-	-	-	
Agricultural 2	-		-	-	-	-	-	-	-	-	
Biological assets		-	-	-	-	-	-	-	-	-	
Biological 1		-	-	-	-	-	-	-	-	-	
Biological 2		-	-	-	-	-	-	-	-	-	
Intangibles		-	58	7	-	-	-	72	76	79	
Computers - software & programming		-	58	7	-	-	-	72	76	79	
Other (list sub-class)		-	-	-	-	-	-	-	-	-	
Total Repairs and Maintenance Expenditure	1	16 915	14 897	10 269	13 267	11 990	11 990	13 675	13 854	15 470	

Table 55 MBRR SA34d - Depreciation by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Depreciation by Asset Class/Sub-class										
Infrastructure		7 141	9 336	11 498	13 774	13 198	13 198	13 996	14 790	15 518
Infrastructure - Road transport		1 909	2 725	3 138	3 266	3 473	3 473	3 447	3 612	3 809
Roads, Pavements & Bridges		1 909	2 725	3 138	3 266	3 473	3 473	3 447	3 612	3 809
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		818	1 346	1 657	2 632	2 273	2 273	2 222	2 370	2 432
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		818	1 346	1 657	2 632	2 273	2 273	2 222	2 370	2 432
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		2 558	3 112	4 649	5 216	4 750	4 750	4 870	4 818	4 906
Dams & Reservoirs		437	437	669	751	684	684	701	694	706
Water purification		502	502	1 659	1 862	1 695	1 695	1 739	1 720	1 751
Reticulation		1 618	2 173	2 320	2 603	2 371	2 371	2 431	2 405	2 448
Infrastructure - Sanitation		1 532	1 999	2 028	2 218	2 357	2 357	2 584	2 603	2 493
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		1 532	1 999	2 028	2 218	2 357	2 357	2 584	2 603	2 493
Infrastructure - Other		324	154	26	442	345	345	872	1 387	1 879
Waste Management		324	154	26	39	30	30	77	122	166
Transportation		-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other		0	0	(0)	403	315	315	795	1 265	1 713
Community		635	739	912	1 150	1 212	1 212	1 207	1 172	1 210
Parks & gardens		275	306	342	432	455	455	453	440	454
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		21	60	58	73	77	77	76	74	76
Recreational facilities		339	373	512	646	680	680	678	658	679
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-
Other		(0)	-	-	(0)	(0)	(0)	(0)	(0)	(0)
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Investment properties		168	168	168	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		168	168	168	-	-	-	-	-	-
Other assets		4 503	6 051	11 102	5 845	5 487	5 487	5 322	5 206	5 103
General vehicles		1 081	1 098	984	1 084	1 017	1 017	994	975	958
Specialised vehicles		207	207	251	277	260	260	254	249	245
Plant & equipment		33	43	47	51	48	48	47	46	45
Computers - hardware/equipment		433	480	508	560	526	526	514	504	495
Furniture and other office equipment		1 411	2 447	2 560	2 198	2 063	2 063	1 976	1 926	1 880
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		87	87	83	92	86	86	84	83	81
Other Buildings		1 251	1 423	1 438	1 583	1 486	1 486	1 452	1 424	1 399
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		(0)	266	5 230	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
Agricultural 1		-	-	-	-	-	-	-	-	-
Agricultural 2		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Biological 1		-	-	-	-	-	-	-	-	-
Biological 2		-	-	-	-	-	-	-	-	-
Intangibles		34	563	565	622	584	584	571	560	550
Computers - software & programming		34	563	565	622	584	584	571	560	550
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total Depreciation	1	12 480	16 857	24 245	21 391	20 481	20 481	21 095	21 728	22 380

Table 56 MBRR SA35 - Future financial implications of the capital budget

Vote Description R thousand	Ref	2013/14 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Present value
Capital expenditure	1							
Vote 1 - Council		-	-	-				
Vote 2 - Office of the Municipal Manager		147	-	-				
Vote 3 - Community Services		18 542	19 649	22 876				
Vote 4 - Corporate Services		682	-	-				
Vote 5 - Financial Services		495	1 000	1 000				
Vote 6 - Planning and Economic Dev.		426	-	-				
Vote 7 - Infrastructure Services		23 733	22 533	23 327				
Total Capital Expenditure		44 026	43 182	47 203	-	-	-	-
Future operational costs by vote	2							
Vote 1 - Council								
Vote 2 - Office of the Municipal Manager								
Vote 3 - Community Services								
Vote 4 - Corporate Services								
Vote 5 - Financial Services								
Vote 6 - Planning and Economic Dev.								
Vote 7 - Infrastructure Services								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
List other revenues sources if applicable								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		44 026	43 182	47 203	-	-	-	-

Table 57 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project	Ref	Program /Project description	Prior year outcomes	2013/14 Medium Term Revenue & Expenditure Framework		
			Current Year 2012/13 Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	4					
Parent municipality:						
<i>List all capital projects grouped by Municipal Vote</i>						
Council		FURNITURE AND EQUIPMENT 1	40			
Office of the Municipal Manager		FURNITURE AND EQUIPMENT	12	-	-	-
Office of the Municipal Manager		FURNITURE AND EQUIPMENT 1	-	110	-	-
Office of the Municipal Manager		COMPUTER EQUIPMENT 1	-	18	-	-
Office of the Municipal Manager		FURNITURE AND EQUIPMENT 1	-	10	-	-
Office of the Municipal Manager		COMPUTER EQUIPMENT 1	-	9	-	-
Community Services		FURNITURE AND EQUIPMENT	55	-	-	-
Community Services		FURNITURE AND EQUIPMENT 1	-	8	-	-
Community Services		FURNITURE AND EQUIPMENT 1	-	63	-	-
Community Services		SERVICES LINKED TO HOUSING PRO	-	11 684	11 404	11 579
Community Services		LAND AND BUILDINGS	-	-	-	105
Community Services		TOOLS AND EQUIPMENT	-	-	-	85
Community Services		FURNITURE AND EQUIPMENT 1	-	110	35	165
Community Services		COMPUTER EQUIPMENT 1	-	57	-	-
Community Services		UPGRADE OF MUNICIPAL BUIDLINGS	-	-	-	700
Community Services		BOOK DETECTION SYSTEM	-	150	-	200
Community Services		AIR CONDITIONERS	-	130	-	-
Community Services		LAND AND BUILDINGS	-	-	500	-
Community Services		SHELVING	-	-	10	-
Community Services		TOOLS AND EQUIPMENT	-	-	300	206
Community Services		FURNITURE AND EQUIPMENT 1	-	14	-	-
Community Services		COMPUTER EQUIPMENT 1	-	-	10	115
Community Services		FIRE HYDRANTS	-	55	100	-
Community Services		TOOLS AND EQUIPMENT	-	97	-	79
Community Services		FURNITURE AND EQUIPMENT 1	-	31	-	-
Community Services		LAND AND BUILDINGS	-	-	879	-
Community Services		LAND AND BUILDINGS 2	-	300	1 000	2 000
Community Services		COMPUTER EQUIPMENT 1	-	31	-	-
Community Services		TOOLS AND EQUIPMENT	-	27	-	-
Community Services		FURNITURE AND EQUIPMENT 1	-	14	21	9
Community Services		COMPUTER EQUIPMENT 1	-	18	140	-
Community Services		UPGRADE KWANO SPORTFIELD	3 000	-	-	-
Community Services		EQUIPMENT	160	-	-	-
Community Services		UPGRADE OF SPORTS FACILITIES	100	-	-	-
Community Services		UPGRADE OF SPORTS FACILITIES -	-	-	-	2 632
Community Services		COMPUTER EQUIPMENT 1	-	16	-	-
Community Services		FURNITURE AND EQUIPMENT 1	-	7	-	-
Community Services		ESTABLISHMENT OF NEW CEMETAR	400	1 300	-	-
Community Services		ESTABLISHMENT OF NEW CEMETAR	-	-	250	-
Community Services		FURNITURE AND EQUIPMENT 1	-	37	-	-
Community Services		COMPUTER EQUIPMENT 1	-	8	-	-
Community Services		WASTE TRANSFER STATION - GRAN	-	4 386	-	-
Community Services		WASTE TRANSFER STATION	-	-	5 000	5 000
Community Services		WASTE COMPACTORS	3 100	-	-	-
Corporate Services		FURNITURE AND EQUIPMENT 1	-	12	-	-
Corporate Services		COMPUTER EQUIPMENT 1	-	26	-	-
Corporate Services		FURNITURE AND EQUIPMENT	50	-	-	-
Corporate Services		FURNITURE AND EQUIPMENT 1	-	99	-	-
Corporate Services		COMPUTER EQUIPMENT 1	-	50	-	-
Corporate Services		UPGRADE OF MUNICIPAL BUIDLINGS	-	150	-	-
Corporate Services		FURNITURE AND EQUIPMENT 1	-	14	-	-
Corporate Services		COMPUTER EQUIPMENT 1	-	53	-	-
Corporate Services		FURNITURE AND EQUIPMENT 1	-	12	-	-
Corporate Services		COMPUTER EQUIPMENT 1	-	35	-	-
Corporate Services		COMPUTER EQUIPMENT	100	-	-	-
Corporate Services		COMPUTER EQUIPMENT 1	-	72	-	-
Corporate Services		FURNITURE AND EQUIPMENT 1	-	10	-	-
Corporate Services		UPGRADE OF MUNICIPAL BUIDLINGS	-	150	-	-
Financial Services		FURNITURE AND EQUIPMENT	60	-	-	-
Financial Services		FURNITURE AND EQUIPMENT 1	-	35	-	-
Financial Services		COMPUTER EQUIPMENT 1	-	43	-	-
Financial Services		COMPUTER EQUIPMENT 1	-	25	-	-
Financial Services		METER READING SYSTEM	-	350	-	-

2.12 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis with effect from February 2013. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on Bitou Municipality's website.
2. Internship program
Bitou Municipality is participating in the Municipal Financial Management Internship program. There are current intern vacancies which will be advertised and filled in the 2013/2014 financial year.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2013/14 MTREF in May 2013 directly aligned and informed by the 2013/14 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. Minimum competency training
Minimum competency training is underway and all required staff members are enrolled for the completion of the required training. Extension for the compliance has been granted by the National Treasury.
8. Policies
Various policy amendments are proposed as part of the budget process, all policies being revised are available with budget documentation for public input.

2.13 Other supporting documents

Table 58 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		57 569	65 415	69 812	96 452	83 555	83 555	83 555	98 747	104 079	109 700
less Revenue Foregone		2 657	2 276	3 082	13 540	1 300	1 300	1 300	9 500	10 013	10 554
Net Property Rates		54 912	63 139	66 730	82 912	82 255	82 255	82 255	89 247	94 066	99 146
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		62 777	75 116	89 623	96 431	95 553	95 553	95 553	105 478	113 045	121 155
less Revenue Foregone		558	616	647	1 988	1 988	1 988	1 988	3 063	3 284	3 520
Net Service charges - electricity revenue		62 219	74 500	88 977	94 443	93 565	93 565	93 565	102 415	109 761	117 635
Service charges - water revenue	6										
Total Service charges - water revenue		23 334	28 362	29 994	31 688	32 395	32 395	32 395	36 656	38 636	40 722
less Revenue Foregone		107	107	16	197	197	197	197	2 318	2 443	2 575
Net Service charges - water revenue		23 227	28 256	29 979	31 491	32 197	32 197	32 197	34 338	36 193	38 147
Service charges - sanitation revenue	6										
Total Service charges - sanitation revenue		21 834	25 259	28 085	33 135	33 050	33 050	33 050	39 461	41 592	43 838
less Revenue Foregone				638	638	638	638	638	4 296	4 528	4 773
Net Service charges - sanitation revenue		21 834	25 259	28 085	32 497	32 412	32 412	32 412	35 165	37 064	39 066
Service charges - refuse revenue	6										
Total refuse removal revenue		10 927	13 742	16 184	19 444	19 630	19 630	19 630	25 031	26 383	27 808
Total landfill revenue											
less Revenue Foregone		-	-	0	220	220	220	220	4 027	4 245	4 474
Net Service charges - refuse revenue		10 927	13 742	16 184	19 224	19 410	19 410	19 410	21 004	22 138	23 334
Other Revenue by source											
Sundry : VAT Recovery		-	-	0	2 036	-	-	-	-	-	-
Augmentation Fees		2 430	3 636	1 550	899	754	754	754	1 005	1 093	1 167
Building Plan Fees		1 390	1 394	1 026	980	980	980	980	1 000	1 050	1 103
Conservancy Charges		705	775	840	920	1 065	1 065	1 065	1 085	1 139	1 196
Re-/Disconnection Fees		200	185	156	294	735	735	735	750	750	750
Town Planning Fees		113	93	123	720	340	340	340	340	357	375
Collection Fees Recovered		-	-	-	550	796	796	796	750	788	827
Connection Fees		474	265	292	395	353	353	353	367	446	471
Signage		-	-	2	100	5	5	5	24	25	26
Services Connections: Prepaid		70	96	76	91	41	41	41	43	45	47
LG Seta Grant		294	213	382	200	200	200	200	250	300	350
Other		13 743	2 075	2 199	776	4 696	4 696	4 696	842	884	998
Total 'Other' Revenue	1	19 418	8 732	6 647	7 963	9 965	9 965	9 965	6 455	6 877	7 311
EXPENDITURE ITEMS:											
Employee related costs	2										
Basic Salaries and Wages		50 173	59 756	58 362	63 420	68 516	68 516	68 516	75 963	80 901	86 159
Pension and UIF Contributions		9 227	8 610	8 501	10 380	9 829	9 829	9 829	11 356	12 094	12 880
Medical Aid Contributions		6 599	8 334	8 166	9 843	9 654	9 654	9 654	10 956	11 668	12 426
Overtime		4 207	4 031	3 242	3 100	3 200	3 200	3 200	2 830	2 971	3 160
Performance Bonus		3 928	5 110	3 889	5 568	3 831	3 831	3 831	4 447	4 736	5 044
Motor Vehicle Allowance		5 119	5 719	5 464	6 190	4 822	4 822	4 822	5 522	5 880	6 263
Cellphone Allowance		658	839	709	835	629	629	629	381	406	432
Housing Allowances		604	618	717	955	941	941	941	820	873	930
Other benefits and allowances		7 057	7 187	3 765	3 851	3 598	3 598	3 598	4 506	4 782	5 076
Payments in lieu of leave		2 084	1 955	1 892	806	806	806	806	2 165	2 306	2 456
Long service awards		-	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	6 113	6 113	6 113	6 113	6 113	7 798	8 305	8 845
sub-total	5	89 656	102 158	100 822	111 061	111 939	111 939	111 939	126 742	134 922	143 671
Less: Employees costs capitalised to PPE		-	-	-	-	-	-	-	-	-	-
Total Employee related costs	1	89 656	102 158	100 822	111 061	111 939	111 939	111 939	126 742	134 922	143 671
Contributions recognised - capital											
Contract 1		-	-	-	-	-	-	-	-	-	-
Contract 2		-	-	-	-	-	-	-	-	-	-
Contract 3		-	-	-	-	-	-	-	-	-	-
Contract 4		-	-	-	-	-	-	-	-	-	-
Contract 5		-	-	-	-	-	-	-	-	-	-
[Default]		-	-	-	-	-	-	-	-	-	-
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		12 480	16 857	24 245	21 391	20 481	20 481	20 481	21 095	21 728	22 380
Lease amortisation		-	-	-	-	-	-	-	-	-	-
Capital asset impairment		-	-	-	-	-	-	-	-	-	-
Depreciation resulting from revaluation of PPE		-	-	-	-	-	-	-	-	-	-
Total Depreciation & asset impairment	10	12 480	16 857	24 245	21 391	20 481	20 481	20 481	21 095	21 728	22 380
Bulk purchases											
Electricity Bulk Purchases		40 644	50 582	56 600	73 775	71 650	71 650	71 650	77 382	83 573	90 258

**Table 59 MBRR Table SA1 - Supporting detail to budgeted financial performance
(Continued)**

Transfers and grants										
Cash transfers and grants		422	169	632	3 380	2 350	2 350	2 350	2 630	3 240
Non-cash transfers and grants		-	-	-	-	-	-	-	-	-
Total transfers and grants	1	422	169	632	3 380	2 350	2 350	2 350	2 630	3 240
Contracted services										
Contract 1		-	-	-	-	-	-	-	-	-
Contract 2		-	-	-	-	-	-	-	-	-
Contract 3		-	-	-	-	-	-	-	-	-
Contract 4		-	-	-	-	-	-	-	-	-
Contract 5		-	-	-	-	-	-	-	-	-
Contract 6		-	-	-	-	-	-	-	-	-
Contract 7		-	-	-	-	-	-	-	-	-
Contract 8		-	-	-	-	-	-	-	-	-
Contract 9		-	-	-	-	-	-	-	-	-
Contract 10		-	-	-	-	-	-	-	-	-
Contract 11		-	-	-	-	-	-	-	-	-
Contract 12		-	-	-	-	-	-	-	-	-
Contract 13		-	-	-	-	-	-	-	-	-
Contract 14		-	-	-	-	-	-	-	-	-
Contract 15		-	-	-	-	-	-	-	-	-
Contract 16		-	-	-	-	-	-	-	-	-
Contract 17		-	-	-	-	-	-	-	-	-
Contract 18		-	-	-	-	-	-	-	-	-
Contract 19		-	-	-	-	-	-	-	-	-
Contract 20		-	-	-	-	-	-	-	-	-
Contract 21		-	-	-	-	-	-	-	-	-
Contract 22		-	-	-	-	-	-	-	-	-
Contract 23		-	-	-	-	-	-	-	-	-
Contract 24		-	-	-	-	-	-	-	-	-
[Default]		10 128	8 472	10 999	20 124	21 129	21 129	21 129	19 593	21 443
sub-total	1	10 128	8 472	10 999	20 124	21 129	21 129	21 129	19 593	21 443
Allocations to organs of state:										
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total contracted services		10 128	8 472	10 999	20 124	21 129	21 129	21 129	19 593	21 443
Other Expenditure By Type										
Collection costs		892	1 226	996	850	414	414	414	750	788
Contributions to 'other' provisions		-	-	-	-	-	-	-	-	-
Consultant fees		-	-	-	2 137	2 377	2 377	2 377	2 529	2 446
Audit fees		1 553	2 222	1 063	1 570	1 570	1 570	1 570	1 649	1 731
General expenses		20 530	20 872	30 258	2 196	4 127	4 127	4 127	6 185	4 644
Repairs and maintenance		16 915	14 897	10 269	13 267	11 990	11 990	11 990	13 675	13 854
Systems & Licences		1 224	919	1 723	1 488	2 323	2 323	2 323	3 263	3 485
Communication & Marketing		4 349	5 059	2 743	2 488	2 446	2 446	2 446	2 765	2 907
Major Operating Grant Expenses		24 517	27 581	10 453	13 757	30 469	30 469	30 469	65 431	30 492
Service Expenses		6 471	4 748	2 600	3 945	2 332	2 332	2 332	2 669	5 491
Renting & Hiring		5 214	4 559	4 013	6 587	6 469	6 469	6 469	6 770	7 037
Insurance		1 272	719	994	1 332	1 357	1 357	1 357	1 425	1 496
Administration Expenses		13 229	12 070	11 385	8 542	11 082	11 082	11 082	10 849	11 290
Training & Development		3 766	4 296	1 417	2 427	2 576	2 576	2 576	2 649	2 679

Table 59 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Vote 1 - Council	Vote 2 - Office of the Municipal Manager	Vote 3 - Community Services	Vote 4 - Corporate Services	Vote 5 - Financial Services	Vote 6 - Planning and Economic Development	Vote 7 - Infrastructur e Services	Vote 8 -	Vote 9 -	Vote 10 -	Total
R thousand	1											
Revenue By Source												
Property rates		-	-	-	-	89 247	-	-	-	-	-	89 247
Property rates - penalties & collection charges		-	3 300	-	-	-	-	-	-	-	-	3 300
Service charges - electricity revenue		-	-	-	-	-	-	102 415	-	-	-	102 415
Service charges - water revenue		-	-	-	-	-	-	34 338	-	-	-	34 338
Service charges - sanitation revenue		-	-	-	-	-	-	35 165	-	-	-	35 165
Service charges - refuse revenue		-	-	21 004	-	-	-	-	-	-	-	21 004
Service charges - other		-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	454	174	-	585	-	-	-	-	1 213
Interest earned - external investments		-	1 320	-	-	450	-	-	-	-	-	1 770
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines		-	-	4 107	-	-	-	-	-	-	-	4 107
Licences and permits		-	74	-	-	-	-	-	-	-	-	74
Agency services		-	-	1 208	-	-	-	-	-	-	-	1 208
Other revenue		-	1 083	364	281	75	1 394	3 259	-	-	-	6 455
Transfers recognised - operational		-	31 504	68 108	-	1 300	-	1 140	-	-	-	102 052
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		-	37 281	95 244	454	91 072	1 979	176 317	-	-	-	402 348
Expenditure By Type												
Employee related costs		-	13 289	48 515	11 096	14 645	8 844	30 352	-	-	-	126 742
Remuneration of councillors		4 415	-	-	-	-	-	-	-	-	-	4 415
Debt impairment		-	165	1 252	-	4 462	-	9 080	-	-	-	14 959
Depreciation & asset impairment		175	151	3 266	675	219	1 571	15 037	-	-	-	21 095
Finance charges		-	-	1 344	467	5	1 609	10 072	-	-	-	13 498
Bulk purchases		-	-	-	-	-	-	77 582	-	-	-	77 582
Other materials		42	105	745	292	279	109	1 512	-	-	-	3 083
Contracted services		-	3 258	6 960	1 908	5 060	410	1 997	-	-	-	19 593
Transfers and grants		-	750	-	-	-	1 880	-	-	-	-	2 630
Other expenditure		691	8 159	78 566	10 288	4 133	3 993	14 778	-	-	-	120 607
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		5 322	25 878	140 648	24 726	28 803	18 416	160 410	-	-	-	404 204
Surplus/(Deficit)		(5 322)	11 403	(45 404)	(24 272)	62 269	(16 437)	15 907	-	-	-	(1 856)
Transfers recognised - capital		-	-	13 767	-	-	-	22 680	-	-	-	36 447
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(5 322)	11 403	(31 638)	(24 272)	62 269	(16 437)	38 587	-	-	-	34 590

Table 60 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days		5 109	10 191	27 044	–	16 734	16 734	16 734	35 000	70 000	120 000
Other current investments > 90 days		–	–	–	–	–	–	–	–	–	–
Total Call investment deposits	2	5 109	10 191	27 044	–	16 734	16 734	16 734	35 000	70 000	120 000
Consumer debtors											
Consumer debtors		49 321	67 072	84 550	95 247	83 732	83 732	83 732	98 691	114 542	131 346
Less: Provision for debt impairment		(23 501)	(30 820)	(41 253)	(66 612)	(52 314)	(52 314)	(52 314)	(67 273)	(83 124)	(99 928)
Total Consumer debtors	2	25 820	36 252	43 298	28 635	31 418	31 418	31 418	31 418	31 418	31 418
Debt impairment provision											
Balance at the beginning of the year											
Contributions to the provision											
Bad debts written off											
Balance at end of year		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		592 100	690 523	723 919	786 769	783 293	783 293	783 293	827 319	870 501	917 703
Leases recognised as PPE	3	917	3 421	3 752	3 421	3 752	3 752	3 752	3 752	3 752	3 752
Less: Accumulated depreciation		152 000	165 987	183 522	200 449	204 003	204 003	204 003	224 360	245 361	267 024
Total Property, plant and equipment (PPE)	2	441 017	527 958	544 149	589 742	583 042	583 042	583 042	606 711	628 892	654 431
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		–	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities		4 637	7 851	9 444	11 410	9 444	9 444	9 444	11 054	11 842	12 768
Total Current liabilities - Borrowing		4 637	7 851	9 444	11 410	9 444	9 444	9 444	11 054	11 842	12 768
Trade and other payables											
Trade and other creditors		38 380	62 487	25 103	48 436	39 858	39 858	39 858	46 893	48 838	43 514
Unspent conditional transfers		22 012	33 981	40 915	9 513	15 350	15 350	15 350	–	–	–
VAT		–	–	2 345	–	2 345	2 345	2 345	–	–	–
Total Trade and other payables	2	60 392	96 468	68 363	57 950	57 553	57 553	57 553	46 893	48 838	43 514
Non current liabilities - Borrowing											
Borrowing	4	85 069	93 951	114 009	121 223	114 009	114 009	114 009	105 081	102 313	98 710
Finance leases (including PPP asset element)		303	804	186	1 932	186	186	186	–	–	–
Total Non current liabilities - Borrowing		85 372	94 754	114 195	123 155	114 195	114 195	114 195	105 081	102 313	98 710
Provisions - non-current											
Retirement benefits		27 903	37 524	54 907	52 338	57 541	57 541	57 541	65 339	73 644	82 489
List other major provision items											
Refuse landfill site rehabilitation		5 929	6 274	6 744	6 274	6 744	6 744	6 744	7 434	8 134	8 844
Other		2 706	4 216	3 773	1 356	1 139	1 139	1 139	4 315	7 698	11 301
Total Provisions - non-current		36 538	48 014	65 424	59 969	65 424	65 424	65 424	77 088	89 476	102 634
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		384 269	409 723	439 193	439 402	456 668	456 994	456 994	510 200	552 853	607 374
GRAP adjustments		–	–	–	–	–	–	–	–	–	–
Restated balance		384 269	409 723	439 193	439 402	456 668	456 994	456 994	510 200	552 853	607 374
Surplus/(Deficit)		21 768	28 128	9 108	20 775	40 428	40 428	40 428	34 590	38 576	53 317
Appropriations to Reserves		–	–	–	–	–	–	–	–	–	–
Transfers from Reserves		–	–	–	–	–	–	–	–	–	–
Depreciation offsets		–	–	–	–	–	–	–	–	–	–
Other adjustments		–	–	–	–	–	–	–	–	–	–
Accumulated Surplus/(Deficit)	1	406 037	437 851	448 301	460 177	497 096	497 422	497 422	544 790	591 429	660 691
Reserves											
Housing Development Fund		1 042	1 042	–	1 042	–	–	–	–	–	–
Capital replacement		1 060	300	–	7 800	–	–	–	2 000	3 000	3 500
Self-insurance		–	–	–	–	–	–	–	–	–	–
Other reserves		–	–	–	–	–	–	–	–	–	–
Revaluation		–	–	–	–	–	–	–	–	–	–
Total Reserves	2	2 102	1 342	–	8 842	–	–	–	2 000	3 000	3 500
TOTAL COMMUNITY WEALTH/EQUITY	2	408 139	439 193	448 301	469 018	497 096	497 422	497 422	546 790	594 429	664 191

Table 61 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	1996 Census	2001 Census	2007 Survey	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population			28 832	39 002	41 703	44 842	45 969	47 997	51 357	54 952	58 798	
Females aged 5 - 14			2 581	2 570	6 897	6 647	7 112	7 610	8 142	8 712	9 322	
Males aged 5 - 14			2 435	2 503	7 400	6 679	7 147	7 647	8 182	8 755	9 368	
Females aged 15 - 34			5 664	8 136	15 584	6 762	7 235	7 741	8 263	8 863	9 483	
Males aged 15 - 34			5 564	8 278	14 960	7 505	8 030	8 592	9 194	9 838	10 526	
Unemployment					1 738	1 860	7 106	7 603	8 136	8 705	9 315	
Monthly household income (no. of households)	1, 12											
No income						36	38	3 008	3 219	3 444	3 685	3 943
R1 - R1 600						76	81	4 379	4 686	5 014	5 365	5 740
R1 601 - R3 200						1 241	1 328	3 279	3 508	3 754	4 017	4 298
R3 201 - R6 400						1 128	1 207	2 302	2 464	2 636	2 821	3 018
R6 401 - R12 800						1 571	1 681	1 499	1 604	1 716	1 836	1 965
R12 801 - R25 600						2 923	3 127	1 109	1 186	1 269	1 368	1 453
R25 601 - R51 200						2 420	2 590	669	715	765	819	876
R51 201 - R102 400						2 674	2 861	257	275	295	315	337
R102 401 - R204 800						2 749	2 941	80	86	92	98	105
R204 801 - R409 600						485	519	63	68	72	77	83
R409 601 - R819 200						119	127					
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13						12211.00	7103.37	7600.61	8132.65	8701.94	9311.07
Insert description	2											
Household demographics (000)												
Number of people in municipal area			29 180	39 002	41 703	44 842	51 340	54 934	57 680	60 564	63 592	
Number of poor people in municipal area						12 212	13 981	14 960				
Number of households in municipal area			11 760	12 645	15 029	15 087	16 645	17 274				
Number of poor households in municipal area			1 129	1 214	1 843	1 685	1 888	1 909	1 930	1 951	1 972	
Definition of poor household (R per month)			745	801	917							
Housing statistics	3											
Formal					8 969	8 974	8 989	9 970	10 292			
Informal					3 686	4 220	6 099	10 542	6 983			
Total number of households			-	-	12 645	13 195	15 088	20 512	17 274	-	-	-
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
Economic	6											
Inflation/inflation outlook (CPI)									10.0%			
Interest rate - borrowing									4.5%			
Interest rate - investment									5.0%			
Remuneration increases									0.0%			
Consumption growth (electricity)									-1.0%			
Consumption growth (water)												
Collection rates	7											
Property tax/service charges									93.0%			
Rental of facilities & equipment									100.0%			
Interest - external investments									100.0%			
Interest - debtors									90.0%			
Revenue from agency services									100.0%			

2.14 Municipal manager's quality certificate

I Allen Palse municipal manager of Bitou Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal

2.14 Municipal manager's quality certificate

I Allen Paulse municipal manager of Bitou Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: A. A. Paulse

Municipal Manager of Bitou Municipality (WC047)

Signature: 

Date 26 March 2013

Bitou Municipality

**Proposed Tariffs for
2013 - 2014, 2014 - 2015
and 2015 - 2016**



BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

	Property Rates	Conditions	Ratio	Current Tariffs: 2012 - 2013	Budget Year: 2013 - 2014	% Increase/ (Decrease)	Budget Year + 1: 2014 - 2015	% Increase/ (Decrease)	Budget Year + 2: 2015 - 2016	% Increase/ (Decrease)
Power to levy rates										
(a)	Property rates are set in terms of Chapter 2, section 3 of the Municipal Property Rates Act, No. 6 of 2004									
(b)	Property rates to be levied in accordance with the 1 July 2009 General Valuation Roll and Council's approved Rates Policy									
1.1	Properties (Residential to business ratio 1:2 maximum)									
1.1.1	Residential	Cent in rand	1:1	R 0.00442	R 0.00466	5.43%	R 0.00491	5.36%	R 0.00518	5.50%
(i)	Accommodation establishments with 3 or less bedrooms	Cent in rand	1:1	R 0.00517	R 0.00466	-9.86%	R 0.00491	5.36%	R 0.00518	5.50%
(ii)	Resorts Zone 2 and Caravan Parks	Cent in rand	1:1.17	R 0.00517	R 0.00545	5.42%	R 0.00574	5.32%	R 0.00605	5.40%
(iii)	Accommodation establishments with 4 or more bedrooms	Cent in rand	1:1.17	R 0.00737	R 0.00545	-26.05%	R 0.00574	5.32%	R 0.00605	5.40%
(iv)	Crèches	Cent in rand	1:1	R 0.00442	R 0.00466	5.43%	R 0.00491	5.36%	R 0.00518	5.50%
(v)	Vacant Land	Cent in rand	1:1.3	R 0.00573	R 0.00605	5.58%	R 0.00638	5.45%	R 0.00672	5.33%
(vi)	Vacant Land (undevelopable)	Cent in rand	1:1	R 0.00442	R 0.00466	5.43%	R 0.00491	5.36%	R 0.00518	5.50%
1.1.2	Business: Includes Industrial Properties	Cent in rand	1:1.67	R 0.00737	R 0.00778	5.56%	R 0.00820	5.40%	R 0.00864	5.37%
(i)	Business: Vacant Land	Cent in rand	1:2	R 0.00737	R 0.00932	26.46%	R 0.00982	5.36%	R 0.01035	5.40%
(ii)	State and Schools	Cent in rand	1:1.67	R 0.00737	R 0.00778	5.56%	R 0.00820	5.40%	R 0.00864	5.37%
1.1.3	Agricultural:									
(i)	Agricultural (Agricultural Properties who are registered at the Receiver of Revenue, as bona fide farmers within the Bitou Municipal area.) Properties not registered at the Receiver of Revenue will be rated as Rural Lifestyle - 1.1.3 (iv)	Cent in rand	1:0.25	R 0.00110	R 0.00116	5.45%	R 0.00122	5.17%	R 0.00129	5.74%
(ii)	Agricultural Properties used for eco-tourism (if not Exempted as per Property Rates Act)	Cent in rand	1:0.25	R 0.00110	R 0.00116	5.45%	R 0.00122	5.17%	R 0.00129	5.74%
(iii)	Agricultural Properties used for game farming	Cent in rand	1:0.25	R 0.00110	R 0.00116	5.45%	R 0.00122	5.17%	R 0.00129	5.74%
(iv)	Non- Urban Domestic (Rural Lifestyle) Properties utilised for residential purposes	Cent in rand	1:1.5	R 0.00110	R 0.00699	535.45%	R 0.00737	5.44%	R 0.00777	5.43%
1.1.4	Other:									
(i)	Properties registered in the name of public benefit organisations	Cent in rand	1:1.67	R 0.00110	R 0.00778	607.27%	R 0.00820	5.40%	R 0.00864	5.37%
1.2	Relief measures related to categories of properties									
1.2.1	Residential properties									
(i)	In respect of all properties that are valued up to and inclusive of land and improvements, a property rating limitation is applied by granting such properties in terms of the MPRA an <u>exemption</u> of :-	Sec 17 (1)(h)		R 15,000	R 15,000	0.00%	R 15,000	0.00%	R 15,000	0.00%
(ii)	In respect of all properties that are valued up to and inclusive of land and improvements, a property rating limitation is applied by granting such properties in terms of Councils Rates Policy an <u>rebate</u> of :-	Sec 15 (2)(e)		R 66.30	R 69.95	5.51%	R 73.73	5.40%	R 77.71	5.40%
				R 350,000	R 350,000	0.00%	R 350,000	0.00%	R 350,000	0.00%
				R 1,480.70	R 1,562.14000	5.50%	R 1,646.50000	5.40%	R 1,735.41000	5.40%
1.3	Relief measures related to income									
1.3.1	Upon submission before 30 September of each year ,of acceptable proof of these requirements, the persons in the income groups set out below will be granted a rebate of:									
(i)	Income group less than R43 560 per annum	Max p.m R3 630		40.00%	40.00%	0.00%	40.00%	0.00%	40.00%	0.00%
(ii)	Income group less than R52 275 per annum	Max p.m R4 356		30.00%	30.00%	0.00%	30.00%	0.00%	30.00%	0.00%
(iii)	Income group less than R62 726 per annum	Max p.m R5 227		20.00%	20.00%	0.00%	20.00%	0.00%	20.00%	0.00%
(iv)	Income group less than R72 600 per annum	Max p.m R6 050		10.00%	10.00%	0.00%	10.00%	0.00%	10.00%	0.00%

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

	Property Rates	Conditions	Ratio	Current Tariffs: 2012 - 2013	Budget Year: 2013 - 2014	% Increase/ (Decrease)	Budget Year + 1: 2014 - 2015	% Increase/ (Decrease)	Budget Year + 2: 2015 - 2016	% Increase/ (Decrease)
	<p>For the purposes of 1.1.3 Agricultural property owners must apply on a prescribed application for a rebate as determined by the municipality. The applications together with the SARS exemptions certificate, must reach the municipality before end October preceding the start of the municipal financial year in which relief is sought.</p> <p>For the purposes of 1.1.4 Public benefit organisations as provided for in the Rates Policy may apply for the exemption of property rates, subject to producing a SARS Tax exemption certificate as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962. The applications together with the SARS exemptions certificate, must reach the municipality before end October preceding the start of the municipal financial year in which exemption is sought.</p> <p>For the purposes of 1.3.1 a property owner will be defined as follows: "A registered owner of a rateable property who inhabits and controls the property and is responsible for payment of rates on the property";</p> <p>For the purposes of 1.3.1 the income of the property owner will be determined as the total income of the owner and his/her spouse from all sources, plus income of all resident children from all sources.</p> <p>If a Category of a property is not included in these tariffs, the tariff for Business would be applied.</p>									
1.4	Relief measures related to property of the state and schools A rebate of 20% will be granted to the state and schools.			20.00%	0.00%	-100.00%	0.00%	0.00%	0.00%	0.00%
1.5	Relief measures related to specific purposes Social or economic conditions of the area where the property is situated e.g. an area declared by the national or provincial government to be a disaster area within the meaning of the Disaster Management Act, No. 57 of 2002	Section 15(2)(d)(i) & (ii)		On discretion of the Head: Finance	On discretion of the Head: Finance		On discretion of the Head: Finance		On discretion of the Head: Finance	
1.5.1										
1.5.2	Retention and restoration of historical buildings of cultural interest.			20.00%	20.00%	0.00%	20.00%	0.00%	20.00%	0.00%
1.5.3	Payable on Late Payment of an Account	Prime Plus 1 %	Prime Plus 1 %		Prime Plus 1 %		Prime Plus 1 %			

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

		Current Tariffs:		Budget Year: 2013			Budget Year + 1:			Budget Year + 2:		
	Electricity	2012 - 2013		- 2014		% Increase/ (Decrease)	2014 - 2015		% Increase/ (Decrease)	2015 - 2016		% Increase/ (Decrease)
2.1 Domestic Consumer Tariffs												
	This tariff covers the supply of electricity for domestic use in private dwellings, flats and chalets including accommodation establishments with three or less bedrooms, with separate meters and includes churches, welfare buildings, registered schools, crèches, hospitals, halls, sport clubs or similar premises with circuit breaker sizes not in excess of 60Amp single phase or 60Amp three phase. Should Consumers require supplies in excess hereof, the Commercial Consumer or Bulk Supply tariff will be applicable. A rebate of 10% will apply to schools and crèches.											
(a)												
2.1.1 Prepaid Meters												
	The practical implementation of the Inclining Block Tariffs (IBT) for prepaid meters is based on the number of units purchased during a calendar month. Any purchases made during the calendar month will be calculated by the vending system in accordance with the IBT rates. If the consumer purchases more than once in a month, the previous purchases will be taken into account when the rate for the additional units is determined. Due to the inclining rates, it will not be beneficial for a consumer to purchase much more than the required monthly consumption. At the end of the month, the system resets and the first purchases in the next month is at the Block 1 rate. If a consumer does not purchase any units in a full calendar month/s, this will not affect the rates of the next purchase in a calendar month thereafter. Consumers will be responsible for all costs relating to the conversion from conventional to prepayment metering.											
(a)												
2.1.1.1 Lifeline												
(a)	These consumers, in traditionally sub-economic areas (who qualify in terms of the Municipality's Indigent policy), receive the first 50kWh (Block 1) purchased per month for free.											
2.1.1.1.1 Lifeline 20A												
(i)	Block 1: 0 - 50kWh	R	-	R	0.65000	0.00%	R	0.69680	7.20%	R	0.74697	7.20%
(ii)	Block 2: 51 - 350kWh	R	0.77000	R	0.82000	6.49%	R	0.87904	7.20%	R	0.94233	7.20%
(iii)	Block 3: 351 - 600kWh	R	1.04000	R	1.11000	6.73%	R	1.18992	7.20%	R	1.27559	7.20%
(iv)	Block 4: > 600kWh	R	1.24000	R	1.32000	6.45%	R	1.41504	7.20%	R	1.51692	7.20%
2.1.1.1.2 Lifeline 30A												
(i)	Block 1: 0 - 50kWh	R	-	R	0.65000	0.00%	R	0.69680	7.20%	R	0.74697	7.20%
(ii)	Block 2: 51 - 350kWh	R	0.77000	R	0.82000	6.49%	R	0.87904	7.20%	R	0.94233	7.20%
(iii)	Block 3: 351 - 600kWh	R	1.04000	R	1.11000	6.73%	R	1.18992	7.20%	R	1.27559	7.20%
(iv)	Block 4: > 600kWh	R	1.24000	R	1.32000	6.45%	R	1.41504	7.20%	R	1.51692	7.20%
2.1.1.2 1 Phase												
	Currently the Basic Charge is billed on the monthly rates and taxes account. Consideration should be given to in future recover the Basic Charge via the prepayment vending system as a daily service charge. The Basic Charge must in future be increased further to become ±10% less than the Basic Charge for Conventional Meters.											
(a)												
2.1.1.2.1 31A to 45A												
(i)	Basic Charge (Per Month)	R	183.60	R	210.60	14.71%	R	225.76	7.20%	R	242.01	7.20%
(ii)	Block 1: 0 - 50kWh	R	0.61000	R	0.65000	6.56%	R	0.69680	7.20%	R	0.74697	7.20%
(iii)	Block 2: 51 - 350kWh	R	0.77000	R	0.82000	6.49%	R	0.87904	7.20%	R	0.94233	7.20%
(iv)	Block 3: 351 - 600kWh	R	1.04000	R	1.11000	6.73%	R	1.18992	7.20%	R	1.27559	7.20%
(v)	Block 4: > 600kWh	R	1.24000	R	1.32000	6.45%	R	1.41504	7.20%	R	1.51692	7.20%
2.1.1.2.2 46A to 60A												
(i)	Basic Charge (Per Month)	R	244.80	R	280.80	14.71%	R	301.02	7.20%	R	322.69	7.20%
(ii)	Block 1: 0 - 50kWh	R	0.61000	R	0.65000	6.56%	R	0.69680	7.20%	R	0.74697	7.20%
(iii)	Block 2: 51 - 350kWh	R	0.77000	R	0.82000	6.49%	R	0.87904	7.20%	R	0.94233	7.20%
(iv)	Block 3: 351 - 600kWh	R	1.04000	R	1.11000	6.73%	R	1.18992	7.20%	R	1.27559	7.20%
(v)	Block 4: > 600kWh	R	1.24000	R	1.32000	6.45%	R	1.41504	7.20%	R	1.51692	7.20%

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

		Current Tariffs:		Budget Year: 2013			Budget Year + 1:			Budget Year + 2:		
	Electricity	2012 - 2013		- 2014		% Increase/ (Decrease)	2014 - 2015		% Increase/ (Decrease)	2015 - 2016		% Increase/ (Decrease)
2.1.1.3 3 Phase												
(a)	Currently the Basic Charge is billed on the monthly rates and taxes account. Consideration should be given to in future recover the Basic Charge via the prepayment vending system as a daily service charge. The Basic Charge must in future be increased further to become ±10% less than the Basic Charge for Conventional Meters.											
2.1.1.3.1 0A to 45A												
(i)	Basic Charge (Per Month)	R	532.44	R	610.74	14.71%	R	654.71	7.20%	R	701.85	7.20%
(ii)	Block 1: 0 - 50kWh	R	0.61000	R	0.65000	6.56%	R	0.69680	7.20%	R	0.74697	7.20%
(iii)	Block 2: 51 - 350kWh	R	0.77000	R	0.82000	6.49%	R	0.87904	7.20%	R	0.94233	7.20%
(iv)	Block 3: 351 - 600kWh	R	1.04000	R	1.11000	6.73%	R	1.18992	7.20%	R	1.27559	7.20%
(v)	Block 4: > 600kWh	R	1.24000	R	1.32000	6.45%	R	1.41504	7.20%	R	1.51692	7.20%
2.1.1.3.2 46A to 60A												
(i)	Basic Charge (Per Month)	R	709.92	R	814.32	14.71%	R	872.95	7.20%	R	935.80	7.20%
(ii)	Block 1: 0 - 50kWh	R	0.61000	R	0.65000	6.56%	R	0.69680	7.20%	R	0.74697	7.20%
(iii)	Block 2: 51 - 350kWh	R	0.77000	R	0.82000	6.49%	R	0.87904	7.20%	R	0.94233	7.20%
(iv)	Block 3: 351 - 600kWh	R	1.04000	R	1.11000	6.73%	R	1.18992	7.20%	R	1.27559	7.20%
(v)	Block 4: > 600kWh	R	1.24000	R	1.32000	6.45%	R	1.41504	7.20%	R	1.51692	7.20%
2.1.2 Conventional meters												
(a)	For the purposes of the implementation of the IBT for the conventional meters, the billing period on which the IBT charges will be applied, means the period between successive monthly meter readings (normally 30 days), irrespective of whether such readings are taken on the last day of the calendar month. Estimated charges are raised during months during which no meter readings can be taken, which is normally based on the previous month's consumption.											
2.1.2.1 1 Phase												
(a)	The existing consumers with 80A and 100A single phase circuit breaker sizes must be advised that their circuit breakers are being phased-out. Their Basic Charge will be increased annually up to eventually the same value as that of a 60A three phase circuit breaker. It will therefore be advantageous for these consumers to either convert a 60A single phase supply or a 30A or 45A three phase supply, if possible.											
2.1.2.1.1 15A to 30A												
(i)	Basic Charge (Per Month)	R	153.00	R	156.00	1.96%	R	167.23	7.20%	R	179.27	7.20%
(ii)	Block 1: 0 - 50kWh	R	0.61000	R	0.65000	6.56%	R	0.69680	7.20%	R	0.74697	7.20%
(iii)	Block 2: 51 - 350kWh	R	0.77000	R	0.82000	6.49%	R	0.87904	7.20%	R	0.94233	7.20%
(iv)	Block 3: 351 - 600kWh	R	1.04000	R	1.11000	6.73%	R	1.18992	7.20%	R	1.27559	7.20%
(v)	Block 4: > 600kWh	R	1.24000	R	1.32000	6.45%	R	1.41504	7.20%	R	1.51692	7.20%
2.1.2.1.2 45A												
(i)	Basic Charge (Per Month)	R	229.50	R	234.00	1.96%	R	250.85	7.20%	R	268.91	7.20%
(ii)	Block 1: 0 - 50kWh	R	0.61000	R	0.65000	6.56%	R	0.69680	7.20%	R	0.74697	7.20%
(iii)	Block 2: 51 - 350kWh	R	0.77000	R	0.82000	6.49%	R	0.87904	7.20%	R	0.94233	7.20%
(iv)	Block 3: 351 - 600kWh	R	1.04000	R	1.11000	6.73%	R	1.18992	7.20%	R	1.27559	7.20%
(v)	Block 4: > 600kWh	R	1.24000	R	1.32000	6.45%	R	1.41504	7.20%	R	1.51692	7.20%
2.1.2.1.3 60A												
(i)	Basic Charge (Per Month)	R	306.00	R	312.00	1.96%	R	334.46	7.20%	R	358.54	7.20%
(ii)	Block 1: 0 - 50kWh	R	0.61000	R	0.65000	6.56%	R	0.69680	7.20%	R	0.74697	7.20%
(iii)	Block 2: 51 - 350kWh	R	0.77000	R	0.82000	6.49%	R	0.87904	7.20%	R	0.94233	7.20%
(iv)	Block 3: 351 - 600kWh	R	1.04000	R	1.11000	6.73%	R	1.18992	7.20%	R	1.27559	7.20%
(v)	Block 4: > 600kWh	R	1.24000	R	1.32000	6.45%	R	1.41504	7.20%	R	1.51692	7.20%

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

		Current Tariffs:		Budget Year: 2013			Budget Year + 1:			Budget Year + 2:		
	Electricity	2012 - 2013		- 2014		% Increase/ (Decrease)	2014 - 2015		% Increase/ (Decrease)	2015 - 2016		% Increase/ (Decrease)
2.1.2.1.4	80A (To be phased-out)											
(i)	Basic Charge (Per Month)	R	408.00	R	440.00	7.84%	R	471.68	7.20%	R	505.64	7.20%
(ii)	Block 1: 0 - 50kWh	R	0.61000	R	0.65000	6.56%	R	0.69680	7.20%	R	0.74697	7.20%
(iii)	Block 2: 51 - 350kWh	R	0.77000	R	0.82000	6.49%	R	0.87904	7.20%	R	0.94233	7.20%
(iv)	Block 3: 351 - 600kWh	R	1.04000	R	1.11000	6.73%	R	1.18992	7.20%	R	1.27559	7.20%
(v)	Block 4: > 600kWh	R	1.24000	R	1.32000	6.45%	R	1.41504	7.20%	R	1.51692	7.20%
2.1.2.1.5	100A (To be phased-out)											
(i)	Basic Charge (Per Month)	R	510.00	R	551.00	8.04%	R	590.67	7.20%	R	633.20	7.20%
(ii)	Block 1: 0 - 50kWh	R	0.61000	R	0.65000	6.56%	R	0.69680	7.20%	R	0.74697	7.20%
(iii)	Block 2: 51 - 350kWh	R	0.77000	R	0.82000	6.49%	R	0.87904	7.20%	R	0.94233	7.20%
(iv)	Block 3: 351 - 600kWh	R	1.04000	R	1.11000	6.73%	R	1.18992	7.20%	R	1.27559	7.20%
(v)	Block 4: > 600kWh	R	1.24000	R	1.32000	6.45%	R	1.41504	7.20%	R	1.51692	7.20%
2.1.2.2	3 Phase											
(a)	The existing 80A and 100A three phase tariffs must be phased-out, and this tariff must not be available to new consumers. Consumers requiring more than 60A three phase must be charged on the Commercial or Bulk Supply Tariffs.											
2.1.2.2.1	15A to 30A											
(i)	Basic Charge (Per Month)	R	443.70	R	452.40	1.96%	R	484.97	7.20%	R	519.89	7.20%
(ii)	Block 1: 0 - 50kWh	R	0.61000	R	0.65000	6.56%	R	0.69680	7.20%	R	0.74697	7.20%
(iii)	Block 2: 51 - 350kWh	R	0.77000	R	0.82000	6.49%	R	0.87904	7.20%	R	0.94233	7.20%
(iv)	Block 3: 351 - 600kWh	R	1.04000	R	1.11000	6.73%	R	1.18992	7.20%	R	1.27559	7.20%
(v)	Block 4: > 600kWh	R	1.24000	R	1.32000	6.45%	R	1.41504	7.20%	R	1.51692	7.20%
2.1.2.2.2	45A											
(i)	Basic Charge (Per Month)	R	665.55	R	678.60	1.96%	R	727.46	7.20%	R	779.84	7.20%
(ii)	Block 1: 0 - 50kWh	R	0.61000	R	0.65000	6.56%	R	0.69680	7.20%	R	0.74697	7.20%
(iii)	Block 2: 51 - 350kWh	R	0.77000	R	0.82000	6.49%	R	0.87904	7.20%	R	0.94233	7.20%
(iv)	Block 3: 351 - 600kWh	R	1.04000	R	1.11000	6.73%	R	1.18992	7.20%	R	1.27559	7.20%
(v)	Block 4: > 600kWh	R	1.24000	R	1.32000	6.45%	R	1.41504	7.20%	R	1.51692	7.20%
2.1.2.2.3	60A											
(i)	Basic Charge (Per Month)	R	887.40	R	904.80	1.96%	R	969.95	7.20%	R	1,039.79	7.20%
(ii)	Block 1: 0 - 50kWh	R	0.61000	R	0.65000	6.56%	R	0.69680	7.20%	R	0.74697	7.20%
(iii)	Block 2: 51 - 350kWh	R	0.77000	R	0.82000	6.49%	R	0.87904	7.20%	R	0.94233	7.20%
(iv)	Block 3: 351 - 600kWh	R	1.04000	R	1.11000	6.73%	R	1.18992	7.20%	R	1.27559	7.20%
(v)	Block 4: > 600kWh	R	1.24000	R	1.32000	6.45%	R	1.41504	7.20%	R	1.51692	7.20%
2.1.2.2.4	80A (To be phased-out)											
(i)	Basic Charge (Per Month)	R	1,281.44	R	1,384.00	8.00%	R	1,483.65	7.20%	R	1,590.47	7.20%
(ii)	Block 1: 0 - 50kWh	R	0.61000	R	0.65000	6.56%	R	0.69680	7.20%	R	0.74697	7.20%
(iii)	Block 2: 51 - 350kWh	R	0.77000	R	0.82000	6.49%	R	0.87904	7.20%	R	0.94233	7.20%
(iv)	Block 3: 351 - 600kWh	R	1.04000	R	1.11000	6.73%	R	1.18992	7.20%	R	1.27559	7.20%
(v)	Block 4: > 600kWh	R	1.24000	R	1.32000	6.45%	R	1.41504	7.20%	R	1.51692	7.20%

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		Current Tariffs:		Budget Year: 2013			Budget Year + 1:			Budget Year + 2:		
	Electricity	2012 - 2013		- 2014		% Increase/ (Decrease)	2014 - 2015		% Increase/ (Decrease)	2015 - 2016		% Increase/ (Decrease)
2.1.2.2.5	100A (To be phased-out)											
(i)	Basic Charge (Per Month)	R	1,519.06	R	1,640.00	7.96%	R	1,758.08	7.20%	R	1,884.66	7.20%
(ii)	Block 1: 0 - 50kWh	R	0.61000	R	0.65000	6.56%	R	0.69680	7.20%	R	0.74697	7.20%
(iii)	Block 2: 51 - 350kWh	R	0.77000	R	0.82000	6.49%	R	0.87904	7.20%	R	0.94233	7.20%
(iv)	Block 3: 351 - 600kWh	R	1.04000	R	1.11000	6.73%	R	1.18992	7.20%	R	1.27559	7.20%
(v)	Block 4: > 600kWh	R	1.24000	R	1.32000	6.45%	R	1.41504	7.20%	R	1.51692	7.20%
2.2	Commercial Consumer And Temporary Supply Consumer Tariffs											
(a)	This tariff is for shops, office buildings, hotels, including accommodation establishments with four or more bedrooms, single residential properties utilised for business purposes, clubs (excl. sport clubs), industrial undertakings, temporary supplies, or similar premises with circuit breaker sizes not in excess of 60Amp single phase or 100Amp three phase. Should Consumers have supplies in excess hereof, the Bulk Supply tariff will be applicable.											
2.2.1	Prepaid Meters											
(a)	It is proposed that a Prepayment 60A single phase and three phase tariff be introduced. The total Service Charge payable at each transaction is calculated using the number of days between the previous and present purchases. Consumers will therefore find that they do not receive the same amount of kWh for the same rand value if the number of days between purchases varies.											
2.2.1.1	1 Phase - 60A											
(i)	Basic Charge (Per Day)	R	23.54	R	23.61	0.30%	R	25.31	7.20%	R	27.13	7.19%
(ii)	Energy charge [R/kWh]	R	0.85000	R	0.98000	15.29%	R	1.05056	7.20%	R	1.12620	7.20%
2.2.1.2	3 Phase - 60A											
(i)	Basic Charge (Per Day)	R	68.27	R	68.47	0.29%	R	73.40	7.20%	R	78.68	7.19%
(ii)	Energy charge [R/kWh]	R	0.85000	R	0.98000	15.29%	R	1.05056	7.20%	R	1.12620	7.20%
2.2.2	Conventional Meters - 1 Phase											
(a)	The existing consumers with 15A, 80A and 100A single phase circuit breaker sizes must be advised that their circuit breakers are being phased-out, therefore no new consumers must be allowed on this tariff. Their Basic Charge will be increased annually up to eventually the same value as that of a 60A three phase circuit breaker. It will therefore be advantageous for these consumers to either convert a 60A single phase supply or a 30A or 45A three phase supply.											
2.2.2.1	1 Phase - 15A (To be phased out)											
(i)	Basic Charge (Per Month)	R	238.11	R	258.00	8.35%	R	276.58	7.20%	R	296.49	7.20%
(ii)	Energy charge [R/kWh]	R	0.85000	R	0.98000	15.29%	R	1.05056	7.20%	R	1.12620	7.20%
2.2.2.2	1 Phase - 30A											
(i)	Basic Charge (Per Month)	R	397.80	R	399.00	0.30%	R	427.73	7.20%	R	458.53	7.20%
(ii)	Energy charge [R/kWh]	R	0.85000	R	0.98000	15.29%	R	1.05056	7.20%	R	1.12620	7.20%
2.2.2.3	1 Phase - 45A											
(i)	Basic Charge (Per Month)	R	596.70	R	598.50	0.30%	R	641.59	7.20%	R	687.78	7.20%
(ii)	Energy charge [R/kWh]	R	0.85000	R	0.98000	15.29%	R	1.05056	7.20%	R	1.12620	7.20%
2.2.2.4	1 Phase - 60A											
(i)	Basic Charge (Per Month)	R	795.60	R	798.00	0.30%	R	855.46	7.20%	R	917.05	7.20%
(ii)	Energy charge [R/kWh]	R	0.85000	R	0.98000	15.29%	R	1.05056	7.20%	R	1.12620	7.20%
2.2.2.5	1 Phase - 80A (To be phased out)											
(i)	Basic Charge (Per Month)	R	1,101.26	R	1,189.00	7.97%	R	1,274.61	7.20%	R	1,366.38	7.20%
(ii)	Energy charge [R/kWh]	R	0.85000	R	0.98000	15.29%	R	1.05056	7.20%	R	1.12620	7.20%
2.2.2.6	1 Phase - 100A (To be phased out)											
(i)	Basic Charge (Per Month)	R	1,330.44	R	1,436.00	7.93%	R	1,539.39	7.20%	R	1,650.23	7.20%
(ii)	Energy charge [R/kWh]	R	0.85000	R	0.98000	15.29%	R	1.05056	7.20%	R	1.12620	7.20%

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

		Current Tariffs:		Budget Year: 2013			Budget Year + 1:			Budget Year + 2:		
	Electricity	2012 - 2013		- 2014		% Increase/ (Decrease)	2014 - 2015		% Increase/ (Decrease)	2015 - 2016		% Increase/ (Decrease)
2.2.3	Conventional Meters - 3 Phase											
(a)	The existing consumers with 15A three phase circuit breaker size must be advised that their circuit breakers are being phased-out, therefore no new consumers must be allowed on this tariff. Their Basic Charge will be increased annually up to eventually the same value as that of a 60A three phase circuit breaker. It will therefore be advantageous for these consumers to either convert a 60A single phase supply or a 30A or 45A three phase supply.											
2.2.3.1	3 Phase - 15A (To be phased out)											
(i)	Basic Charge (Per Month)	R	714.33	R	748.20	4.74%	R	802.07	7.20%	R	859.82	7.20%
(ii)	Energy charge [R/kWh]	R	0.85000	R	0.98000	15.29%	R	1.05056	7.20%	R	1.12620	7.20%
2.2.3.2	3 Phase - 30A											
(i)	Basic Charge (Per Month)	R	1,070.99	R	1,157.10	8.04%	R	1,240.41	7.20%	R	1,329.72	7.20%
(ii)	Energy charge [R/kWh]	R	0.85000	R	0.98000	15.29%	R	1.05056	7.20%	R	1.12620	7.20%
2.2.3.3	3 Phase - 45A											
(i)	Basic Charge (Per Month)	R	1,618.56	R	1,735.65	7.23%	R	1,860.62	7.20%	R	1,994.58	7.20%
(ii)	Energy charge [R/kWh]	R	0.85000	R	0.98000	15.29%	R	1.05056	7.20%	R	1.12620	7.20%
2.2.3.4	3 Phase - 60A											
(i)	Basic Charge (Per Month)	R	2,103.73	R	2,314.20	10.00%	R	2,480.82	7.20%	R	2,659.44	7.20%
(ii)	Energy charge [R/kWh]	R	0.85000	R	0.98000	15.29%	R	1.05056	7.20%	R	1.12620	7.20%
2.2.3.5	3 Phase - 80A											
(i)	Basic Charge (Per Month)	R	3,303.77	R	3,085.60	-6.60%	R	3,307.76	7.20%	R	3,545.92	7.20%
(ii)	Energy charge [R/kWh]	R	0.85000	R	0.98000	15.29%	R	1.05056	7.20%	R	1.12620	7.20%
2.2.3.6	3 Phase - 100A											
(i)	Basic Charge (Per Month)	R	3,991.31	R	3,857.00	-3.37%	R	4,134.70	7.20%	R	4,432.40	7.20%
(ii)	Energy charge [R/kWh]	R	0.85000	R	0.98000	15.29%	R	1.05056	7.20%	R	1.12620	7.20%
2.3	Bulk Supply Tariffs											
(a)	The Bulk Supply tariff is for Consumers with a notified maximum demand of 60kVA or more or who require a supply greater than a 100Amp three phase circuit breaker size. The Notified Maximum Demand (NMD) is the maximum demand notified in writing by the Consumer and accepted by the Municipality.											
2.3.1	Normal Bulk											
(a)	The Demand Charge be unbundled into a Network Demand Charge and a Network Access Charge as per the TOU tariff.The Network Demand Charge is payable per month for the demand supplied (maximum demand reading). The Network Access Charge is payable per month based on the highest of either the notified maximum demand (min. 60kVA) or the highest maximum demand reading during the previous 12 months.											
2.3.1.1	Low voltage (< 500V)											
(i)	Basic Charge (Per Month)	R	650.00	R	650.00	0.00%	R	696.80	7.20%	R	746.97	7.20%
(ii)	Energy charge [R/kWh]	R	0.41600	R	0.45800	10.10%	R	0.49098	7.20%	R	0.52633	7.20%
(iii)	Network Demand Charge [R/kVA]	R	146.51000	R	126.68000	-13.53%	R	135.80096	7.20%	R	145.57863	7.20%
(iv)	Network Access Charge [R/kVA]	R	-	R	32.77000	0.00%	R	35.12944	7.20%	R	37.65876	7.20%
2.3.1.2	High Voltage (>= 500V and < 66kV)											
(i)	Basic Charge (Per Month)	R	650.00	R	650.00	0.00%	R	696.80	7.20%	R	746.97	7.20%
(ii)	Energy charge [R/kWh]	R	0.39500	R	0.45800	15.95%	R	0.49098	7.20%	R	0.52633	7.20%
(iii)	Demand Charge [R/kVA]	R	139.19000	R	126.68000	-8.99%	R	135.80096	7.20%	R	145.57863	7.20%
(iv)	Network Access Charge [R/kVA]	R	-	R	34.49000	0.00%	R	36.97328	7.20%	R	39.63536	7.20%

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		Current Tariffs:		Budget Year: 2013			Budget Year + 1:			Budget Year + 2:		
	Electricity	2012 - 2013		- 2014		% Increase/ (Decrease)	2014 - 2015		% Increase/ (Decrease)	2015 - 2016		% Increase/ (Decrease)
2.3.2	Time of Use (TOU)											
	The TOU tariff is for Consumers with a minimum notified demand of 60kVA or who require a supply greater than 100A three phase circuit breaker size, and who are able to manage their energy consumption according to Eskom's specified time schedule, i.e. Peak, Standard and Off-Peak for the "Megaflex" tariff. The TOU tariff will only be available to residential developments with a bulk supply after 60% of the erven inside the development have been built on and occupation of the houses have been taken. This tariff is based on the Eskom "Megaflex" tariff, except that there is a single Basic Charge and Eskom's Voltage and Transmission Surcharges are included in the Energy and Demand Charge tariffs. The Network Demand Charge is payable per month for the demand supplied (maximum demand reading) during peak and standard periods. No Network Demand Charge is payable during off-peak periods. The Network Access Charge is payable per month based on the highest of either the notified maximum demand (min. 60kVA) or the highest maximum demand reading during the previous 12 months. The charge is applicable during all time periods. The Reactive Energy Charge is applied to kVAh in excess of 30% (0,96 Power Factor) of kWh recorded during peak and standard periods. The excess reactive energy is determined per 30 minute integrating period and accumulated for the month and will only be applicable during high-demand season. The following conditions are applicable to the TOU tariff: (i) Consumers must have the necessary electronic metering equipment installed and correctly programmed for this tariff at their cost. (ii) Where existing Consumers consider conversion to TOU, it will be the consumers' responsibility to do a tariff study. (iii) At least 6 months TOU data (3 x high demand season and 3 x low demand season) must be available before the conversion can be implemented. (iv) A change of tariff will apply for a minimum period of 12 months with three months mutual notice thereafter.											
(a)												
2.3.2.1	Low voltage (< 500V)											
(i)	Basic Charge (Per Month)	R	650.00	R	650.00	0.00%	R	696.80	7.20%	R	746.97	7.20%
(ii)	Network Demand Charge	R	46.27	R	52.29	13.01%	R	56.05	7.19%	R	60.09	7.21%
(iii)	Network Access Charge	R	34.49	R	34.49	0.00%	R	36.97	7.19%	R	39.63	7.20%
(iv)	Active Energy Charge:											
(iv)(i)	High Demand (June to August):											
(iv)(i)(a)	Peak	R	2.31900	R	2.42300	4.48%	R	2.59746	7.20%	R	2.78448	7.20%
(iv)(i)(b)	Standard	R	0.73300	R	0.76600	4.50%	R	0.82115	7.20%	R	0.88027	7.20%
(iv)(i)(c)	Off-Peak	R	0.45900	R	0.48000	4.58%	R	0.51456	7.20%	R	0.55161	7.20%
(iv)(ii)	Low Demand (September to May):											
(iv)(ii)(a)	Peak	R	0.76600	R	0.80100	4.57%	R	0.85867	7.20%	R	0.92049	7.20%
(iv)(ii)(b)	Standard	R	0.54700	R	0.57200	4.57%	R	0.61318	7.20%	R	0.65733	7.20%
(iv)(ii)(c)	Off-Peak	R	0.42700	R	0.44700	4.68%	R	0.47918	7.20%	R	0.51368	7.20%
(v)	Reactive Energy Charge (R/kVAh)	R	0.12000	R	0.13200	10.00%	R	0.14150	7.20%	R	0.15169	7.20%
2.3.2.2	High Voltage (>= 500V and < 66kV)											
(i)	Basic Charge (Per Month)	R	650.00	R	650.00	0.00%	R	696.80	7.20%	R	746.97	7.20%
(ii)	Network Demand Charge	R	43.95	R	49.68	13.04%	R	53.26	7.21%	R	57.09	7.19%
(iii)	Network Access Charge	R	32.76	R	32.77	0.03%	R	35.13	7.20%	R	37.66	7.20%
(iv)	Active Energy Charge:											
(iv)(i)	High Demand (June to August):											
(iv)(i)(a)	Peak	R	2.19900	R	2.42300	10.19%	R	2.59746	7.20%	R	2.78448	7.20%
(iv)(i)(b)	Standard	R	0.68900	R	0.76600	11.18%	R	0.82115	7.20%	R	0.88027	7.20%
(iv)(i)(c)	Off-Peak	R	0.43800	R	0.48000	9.59%	R	0.51456	7.20%	R	0.55161	7.20%
(iv)(ii)	Low Demand (September to May):											
(iv)(ii)(a)	Peak	R	0.73300	R	0.80100	9.28%	R	0.85867	7.20%	R	0.92049	7.20%
(iv)(ii)(b)	Standard	R	0.52500	R	0.57200	8.95%	R	0.61318	7.20%	R	0.65733	7.20%
(iv)(ii)(c)	Off-Peak	R	0.41600	R	0.44700	7.45%	R	0.47918	7.20%	R	0.51368	7.20%
(v)	Reactive Energy Charge (R/kVAh)	R	0.12000	R	0.13200	10.00%	R	0.14150	7.20%	R	0.15169	7.20%

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	Electricity	Current Tariffs: 2012 - 2013	Budget Year: 2013 - 2014	% Increase/ (Decrease)	Budget Year + 1: 2014 - 2015	% Increase/ (Decrease)	Budget Year + 2: 2015 - 2016	% Increase/ (Decrease)
2.4	Other Tariffs							
2.4.1	STREETLIGHTS							
(a)	A tariff has been introduced for streetlight kWh usage. All streetlight consumption must be metered in order to reduce unaccounted for losses. Where the consumption cannot be metered, the consumption must be calculated, i.e. kWh = number of lights x wattage x hours in use.							
2.4.1.1	Streetlight usage							
(i)	Energy charge [R/kWh]	R 1.18000	R 1.27000	7.63%	R 1.36144	7.20%	R 1.45946	7.20%
2.4.2	DEPARTMENTAL							
(a)	The respective Commercial and Bulk Supply Tariffs as per Tariffs above shall be applicable to all municipal buildings, pump stations, waste water works, water treatment works, etc.							
2.4.3	AVAILABILITY CHARGES							
(a)	This Tariff is applicable on Vacant Properties, based on the zoning of the property.							
2.4.3.1	Availability Charges							
(i)	Residential (Per Annum)	R 2,206.55000	R 2,365.42000	7.20%	R 2,535.73000	7.20%	R 2,718.30000	7.20%
(ii)	Other (Per Annum)	R 5,023.84	R 5,385.56	7.20%	R 5,773.32	7.20%	R 6,189.00	7.20%
2.4.4	CONNECTION FEES							
2.4.4.1	Single Phase - Domestic							
(i)	PDI Areas	R 269.06	R 288.43	7.20%	R 309.20	7.20%	R 331.46	7.20%
(ii)	Other Areas - including Rural							
(ii)(i)	Cable 20 Meter inside Erf	R 4,356.00	R 4,669.63	7.20%	R 5,005.84	7.20%	R 5,366.26	7.20%
(ii)(ii)	More than 20 Meter Cable inside Erf as well as rural areas	R 4,366.00 Plus cost of cable plus 10 % of total	R 4,680.35 Plus cost of cable plus 10 % of total	7.20%	R 5,017.34 Plus cost of cable plus 10 % of total	7.20%	R 5,378.59 Plus cost of cable plus 10 % of total	7.20%
2.4.4.2	Other							
(i)	A Minimum fee equal to "other areas" above would be applied	Cost Plus 10 %	Cost Plus 10 %		Cost Plus 10 %		Cost Plus 10 %	
2.4.5	SERVICE FEES							
2.4.5.1	Service Calls - Normal Working Hours							
(i)	Town	R 227.85	R 244.26	7.20%	R 261.85	7.20%	R 280.70	7.20%
(ii)	Rural	R 308.70	R 330.93	7.20%	R 354.76	7.20%	R 380.30	7.20%
2.4.5.2	Service Calls - Outside Normal Working Hours							
(i)	Town	R 341.78	R 366.38	7.20%	R 392.76	7.20%	R 421.04	7.20%
(ii)	Rural	R 463.05	R 496.39	7.20%	R 532.13	7.20%	R 570.44	7.20%
2.4.5.3	Service Calls - Sundays & Public Holidays							
(i)	Town	R 455.70	R 488.51	7.20%	R 523.68	7.20%	R 561.38	7.20%
(ii)	Rural	R 617.40	R 661.85	7.20%	R 709.50	7.20%	R 760.58	7.20%
2.4.5.4	Hire of Cherry Picker							
(i)	Per Hour (Includes 2 X Staff Members)	R 349.39	R 374.55	7.20%	R 401.52	7.20%	R 430.43	7.20%
2.4.5.5	Temporary Dis- / Reconnection							
(i)	Less than 48 Hours Notice	R 308.70	R 330.93	7.20%	R 354.76	7.20%	R 380.30	7.20%
(ii)	More than 48 Hours Notice	R 227.85	R 244.26	7.20%	R 261.85	7.20%	R 280.70	7.20%

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

		Current Tariffs:		Budget Year: 2013			Budget Year + 1:			Budget Year + 2:		
	Electricity	2012 - 2013		- 2014		% Increase/ (Decrease)	2014 - 2015		% Increase/ (Decrease)	2015 - 2016		% Increase/ (Decrease)
2.4.5.6	Reconnection											
(i)	Reconnection by new Owner	R	452.64	R	485.23	7.20%	R	520.17	7.20%	R	557.62	7.20%
2.4.5.7	Re-inspection / Test Installation											
(i)	Town	R	443.01	R	474.91	7.20%	R	509.10	7.20%	R	545.76	7.20%
(ii)	Rural	R	658.53	R	705.94	7.20%	R	756.77	7.20%	R	811.26	7.20%
2.4.5.8	Meter Test (If no Fault is Found)											
(i)	Deposit in Advance	R	200.00	R	214.40	7.20%	R	229.84	7.20%	R	246.39	7.20%
(ii)	Testing of Meter	Cost plus 10%		Cost plus 10%			Cost plus 10%			Cost plus 10%		
2.4.5.9	Special Meter Reading											
(i)	Town	R	227.85	R	244.26	7.20%	R	261.85	7.20%	R	280.70	7.20%
(ii)	Rural	R	308.70	R	330.93	7.20%	R	354.76	7.20%	R	380.30	7.20%
2.4.5.10	Reduction in MCB Scale											
(i)	Town											
(i)(i)	Single Phase	R	200.01	R	214.41	7.20%	R	229.85	7.20%	R	246.40	7.20%
(i)(ii)	Three Phase	R	600.04	R	643.24	7.20%	R	689.55	7.20%	R	739.20	7.20%
(ii)	Rural											
(i)(i)	Single Phase	R	300.01	R	321.61	7.20%	R	344.77	7.20%	R	369.59	7.20%
(i)(ii)	Three Phase	R	900.05	R	964.85	7.20%	R	1,034.32	7.20%	R	1,108.79	7.20%
(iii)	Bulk Supply	Cost plus 10%		Cost plus 10%			Cost plus 10%			Cost plus 10%		
2.4.5.11	Increase in MCB Scale											
(i)	Domestic Single Phase up to 60 Amp	No Charge		No Charge			No Charge			No Charge		
(ii)	Rural Single Phase up to 60 Amp	R	308.70	R	330.93	7.20%	R	354.76	7.20%	R	380.30	7.20%
(iii)	Other	Cost plus 10%		Cost plus 10%			Cost plus 10%			Cost plus 10%		
2.4.5.12	Non Payment											
(i)	Disconnection	R	279.30	R	299.41	7.20%	R	320.97	7.20%	R	344.08	7.20%
(ii)	Reconnection	R	279.30	R	299.41	7.20%	R	320.97	7.20%	R	344.08	7.20%
2.4.5.13	Penalty for tampering with Meter (Payable before replacement)											
(i)	1st Incident	R	970.20	R	1,040.05	7.20%	R	1,114.93	7.20%	R	1,195.20	7.20%
(ii)	2nd Incident	R	1,443.75	R	1,547.70	7.20%	R	1,659.13	7.20%	R	1,778.59	7.20%
(iii)	3rd Incident	R	1,928.85	R	2,067.73	7.20%	R	2,216.61	7.20%	R	2,376.21	7.20%
(iv)	Surcharge: Inaccessible Electricity Meters Customers will be notified in writing whenever a water meter has for whatever reason become inaccessible. Consumers will have 14 days from the date of notification to arrange for a reading to be taken. A surcharge will therefore be levied if no response is received on or before the notice period has ended. The surcharge is applicable per incident.											
(v)	Relocation of water meters Where the meter is still inaccessible after the notice period , of the third notice has ended, the water meter will be relocated to allow water readings to be taken.			R	285.00							
				Cost + 10% as determined by the head: Public Works								

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		Current Tariffs:	Budget Year: 2013		Budget Year + 1:		Budget Year + 2:	
	Electricity	2012 - 2013	- 2014	% Increase/ (Decrease)	2014 - 2015	% Increase/ (Decrease)	2015 - 2016	% Increase/ (Decrease)
2.4.5.14	Penalty for Illegal electricity connections A fine for connecting illegally to a municipal water main will be billed to the customer who benefited from illegal connection. This penalty fee is in addition to the calculation of the average consumption of electricity units consumed, for the period defined in the municipal bylaws. If for any reason the credit meter cannot be read, municipality may render an estimated account. If any calculating, reading or metering error is discovered in respect of any account rendered to a consumer, the error shall be corrected in subsequent accounts, any such correction shall only apply in respect of accounts for a period of 6 months preceding the date on which the error in the accounts was discovered, and shall be based on the actual tariffs applicable during the period.		R 7,854.00					
2.4.5.15 (i)	Augmentation Fees (As determined by Council from time to time) Per ERU	R 7,500.00	R 8,040.00	7.20%	R 8,618.88	7.20%	R 9,239.44	7.20%
2.4.5.16 (i)	Penalty for Late Payment Payable on Late Payment of an Account	Prime Plus 1 %	Prime Plus 1 %		Prime Plus 1 %		Prime Plus 1 %	

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

	Refuse Removal	Conditions	Current Tariffs:		Budget Year: 2013		% Increase/ (Decrease)	Budget Year + 1:		% Increase/ (Decrease)	Budget Year + 2:		% Increase/ (Decrease)
			2012 - 2013		- 2014			2014 - 2015			2015 - 2016		
3.1	Domestic (80 Litre Bin)	Includes accommodation establishments with three or less bedrooms.											
(i)	One Removal per Week per Bin	Per Annum	R	1,830.00	R	1,958.10	7.00%	R	2,063.84	5.40%	R	2,175.29	5.40%
(ii)	Two Removals per Week per Bin	Per Annum	R	3,292.00	R	3,522.44	7.00%	R	3,712.65	5.40%	R	3,913.13	5.40%
(iii)	Domestic Property Valuation Below R 350 000	Per Month	R	76.00	R	81.32	7.00%	R	85.71	5.40%	R	90.34	5.40%
3.2	Domestic (240 Litre Wheelie Bin)												
(i)	One Removal per Week per Bin	Per Annum	R	1,920.00	R	2,054.40	7.00%	R	2,165.34	5.40%	R	2,282.27	5.40%
(ii)	Two Removals per Week per Bin	Per Annum	R	3,456.00	R	3,697.92	7.00%	R	3,897.61	5.40%	R	4,108.08	5.40%
(iii)	Domestic Property Valuation Below R 350 000	Per Month	R	80.00	R	85.60	7.00%	R	90.22	5.40%	R	95.09	5.40%
3.3	Group Housing												
(i)	Per Dwelling Unit	Per Annum	R	1,830.00	R	1,958.10	7.00%	R	2,063.84	5.40%	R	2,175.29	5.40%
(ii)	If central Collection Points are made available by the Home Owner's Association the following rebate will apply.			20.00%		21.40%	7.00%		22.56%	5.40%		23.77%	5.40%
3.4	Business / Commercial (80 Litre Bin)												
	accommodation establishments with four or more bedrooms & Single Residential Properties used for Business Purposes)												
(i)	One Removal per Week per Bin	Per Annum	R	2,380.00	R	2,546.60	7.00%	R	2,684.12	5.40%	R	2,829.06	5.40%
(ii)	Two Removals per Week per Bin	Per Annum	R	4,283.00	R	4,582.81	7.00%	R	4,830.28	5.40%	R	5,091.12	5.40%
(iii)	Three Removals per Week per Bin	Per Month	R	5,711.00	R	6,110.77	7.00%	R	6,440.75	5.40%	R	6,788.55	5.40%
(iv)	Daily Removal per Bin	Per Annum	R	8,329.00	R	8,912.03	7.00%	R	9,393.28	5.40%	R	9,900.52	5.40%
(v)	PDI Areas - One Removal per Week per Bin	Per Annum	R	1,190.00	R	1,273.30	7.00%	R	1,342.06	5.40%	R	1,414.53	5.40%
(vi)	Registered Schools and Crèches qualify for a rebate of			10.00%		10.70%	7.00%		11.28%	5.40%		11.89%	5.40%
3.5	Business / Commercial (240 Litre Wheelie Bin)												
	with four or more bedrooms & Single Residential Properties used for Business Purposes)												
(i)	One Removal per Week per Bin	Per Annum	R	2,617.75	R	2,800.99	7.00%	R	2,952.24	5.40%	R	3,111.66	5.40%
(ii)	Two Removals per Week per Bin	Per Annum	R	4,712.00	R	5,041.84	7.00%	R	5,314.10	5.40%	R	5,601.06	5.40%
(iii)	Three Removals per Week per Bin	Per Month	R	6,283.00	R	6,722.81	7.00%	R	7,085.84	5.40%	R	7,468.48	5.40%
(iv)	Daily Removal per Bin	Per Annum	R	9,162.00	R	9,803.34	7.00%	R	10,332.72	5.40%	R	10,890.69	5.40%
(v)	PDI Areas - One Removal per Week per Bin	Per Annum	R	1,308.88	R	1,400.50	7.00%	R	1,476.13	5.40%	R	1,555.84	5.40%
3.6	Churches												
(i)	Churches	Per Annum	R	1,830.00	R	1,958.10	7.00%	R	2,063.84	5.40%	R	2,175.29	5.40%
3.7	Bulk Containers (10 Bins = 1 Container)												
(i)	One Removal per Week per Bin	Per Month	R	1,587.00	R	1,698.09	7.00%	R	1,789.79	5.40%	R	1,886.44	5.40%
(ii)	Two Removals per Week per Bin	Per Month	R	2,855.00	R	3,054.85	7.00%	R	3,219.81	5.40%	R	3,393.68	5.40%
(iii)	Three Removals per Week per Bin	Per Month	R	3,807.00	R	4,073.49	7.00%	R	4,293.46	5.40%	R	4,525.31	5.40%
(iv)	Daily Removal per Bin	Per Month	R	5,553.00	R	5,941.71	7.00%	R	6,262.56	5.40%	R	6,600.74	5.40%

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

	Refuse Removal	Conditions	Current Tariffs:		Budget Year: 2013	% Increase/ (Decrease)	Budget Year + 1:	% Increase/ (Decrease)	Budget Year + 2:	% Increase/ (Decrease)
			2012 - 2013	- 2014			2014 - 2015		2015 - 2016	
3.8	Special removals									
(i)	Excess removals in Addition to the above per m ³ or container	Per m ³ or Container	R 403.00	R 431.21	7.00%	R 454.50	5.40%	R 479.04	5.40%	
(ii)	Excess removals in addition to the above per bin	Per Bin	R 39.00	R 41.73	7.00%	R 43.98	5.39%	R 46.35	5.39%	
(ii)	Removals on Sundays : Bins	Per Bin	R 403.00	R 431.21	7.00%	R 454.50	5.40%	R 479.04	5.40%	
(iv)	Removals on Sundays : Bulk Containers	Per Container	R 2,381.00	R 2,547.67	7.00%	R 2,685.24	5.40%	R 2,830.24	5.40%	
3.9	Garden Refuse									
(i)	Up to Half Load	Per Incident	R 324.65	R 347.38	7.00%	R 366.14	5.40%	R 385.91	5.40%	
(ii)	Full Load	Per Incident	R 649.31	R 694.76	7.00%	R 732.28	5.40%	R 771.82	5.40%	
(ii)	Plastic Bag	Per Bag	R 152.22	R 162.88	7.00%	R 171.68	5.40%	R 180.95	5.40%	
(iv)	Up to half Load - Sub-economic	Per Incident	R 162.33	R 173.69	7.00%	R 183.07	5.40%	R 192.96	5.40%	
(v)	Full Load - Sub-economic	Per Incident	R 324.65	R 347.38	7.00%	R 366.14	5.40%	R 385.91	5.40%	
3.10	Wheelie bins									
(i)	Purchase of Wheelie Bin		Cost plus 10%	Cost plus 10%		Cost plus 10%		Cost plus 10%		
(ii)	Hire of Wheelie bin	Per Day	R 39.46	R 42.22	6.99%	R 44.50	5.40%	R 46.90	5.39%	
3.11	Builders Rubble									
(i)	Economic	Per Load	R 846.92	R 906.20	7.00%	R 955.13	5.40%	R 1,006.71	5.40%	
(ii)	PDI Areas	Per Load	R 310.54	R 332.28	7.00%	R 350.22	5.40%	R 369.13	5.40%	
3.12	Sale of Plastic Bags									
(i)	Black	Per Bag	R 1.02	R 1.09	6.86%	R 1.15	5.50%	R 1.21	5.22%	
(ii)	Blue / Red	Per Bag	R 1.91	R 2.04	6.81%	R 2.15	5.39%	R 2.27	5.58%	
(iii)	Green / Cream	Per Bag	R 3.81	R 4.08	7.09%	R 4.30	5.39%	R 4.53	5.35%	
3.13	Penalty for Late Payment									
(i)	Payable on Late Payment of an Account		Prime Plus 1 %	Prime Plus 1 %		Prime Plus 1 %		Prime Plus 1 %		
3.14	Private Dumping at Tip									
3.14.1	Garden waste - Clean (See point (iii) under General Points									
(i)	Private - (See point (i) under General Points	Car/LDV/trailer	Free	Free		Free		Free		
(ii)	Other users - (See point (ii) under General Points									
(ii)(i)	LDV <= Half Full		Free	Free		Free		Free		
(ii)(ii)	LDV > Half Full		R 21.97	R 23.51	7.01%	R 24.78	5.40%	R 26.12	5.41%	
(ii)(iii)	LDV & Trailer <= Half Full		R 30.64	R 32.78	6.98%	R 34.55	5.40%	R 36.42	5.41%	
(ii)(iv)	LDV & Trailer > Half Full		R 9.51	R 10.18	7.05%	R 10.73	5.40%	R 11.31	5.41%	
(ii)(v)	3 Ton Truck <=Half Full		R 48.18	R 51.55	6.99%	R 54.33	5.39%	R 57.26	5.39%	
(ii)(vi)	3 Ton Truck >Half Full		R 83.46	R 89.30	7.00%	R 94.12	5.40%	R 99.20	5.40%	
(ii)(vii)	5 Ton Truck <=Half Full		R 70.15	R 75.06	7.00%	R 79.11	5.40%	R 83.38	5.40%	
(ii)(viii)	5 Ton Truck >Half Full		R 109.87	R 117.56	7.00%	R 123.91	5.40%	R 130.60	5.40%	
(ii)(ix)	7 Ton Truck <=Half Full		R 103.54	R 110.79	7.00%	R 116.77	5.40%	R 123.08	5.40%	
(ii)(x)	7 Ton Truck >Half Full		R 185.94	R 198.96	7.00%	R 209.70	5.40%	R 221.02	5.40%	

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	Refuse Removal	Conditions	Current Tariffs:		Budget Year: 2013	% Increase/ (Decrease)	Budget Year + 1:	% Increase/ (Decrease)	Budget Year + 2:	% Increase/ (Decrease)
			2012 - 2013		- 2014		2014 - 2015		2015 - 2016	
3.14.2	Domestic solid waste (See point (iv) under General Points)									
(i)	Private - (See point (i) under General Points)	Car/LDV/trailer	Free		Free		Free		Free	
(ii)	Other users - (See point (ii) under General Points)		Free		Free		Free		Free	
(ii)(i)	LDV <= Half Full		R	20.35	R	21.77	6.98%	R	22.95	5.42%
(ii)(ii)	LDV > Half Full		R	28.37	R	30.36	7.01%	R	32.00	5.40%
(ii)(iii)	LDV & Trailer <= Half Full		R	36.59	R	39.15	7.00%	R	41.26	5.39%
(ii)(iv)	LDV & Trailer > Half Full		R	44.61	R	47.73	6.99%	R	50.31	5.41%
(ii)(v)	3 Ton Truck <=Half Full		R	77.28	R	82.69	7.00%	R	87.16	5.41%
(ii)(vi)	3 Ton Truck >Half Full		R	64.95	R	69.50	7.01%	R	73.25	5.40%
(ii)(vii)	5 Ton Truck <=Half Full		R	101.74	R	108.86	7.00%	R	114.74	5.40%
(ii)(viii)	5 Ton Truck >Half Full		R	95.87	R	102.58	7.00%	R	108.12	5.40%
(ii)(ix)	7 Ton Truck <=Half Full		R	172.17	R	184.22	7.00%	R	194.17	5.40%
(ii)(x)	7 Ton Truck >Half Full									
3.14.3	Builders rubble - (See point (viii) under General Points)									
(i)	Private - (See point (i) under General Points)	Car/LDV/trailer	Free		Free		Free		Free	
(ii)	Other users - (See point (ii) under General Points)		Free		Free		Free		Free	
(ii)(i)	LDV <= Half Full		R	20.35	R	21.77	6.98%	R	22.95	5.42%
(ii)(ii)	LDV > Half Full		R	28.37	R	30.36	7.01%	R	32.00	5.40%
(ii)(iii)	LDV & Trailer <= Half Full		R	36.59	R	39.15	7.00%	R	41.26	5.39%
(ii)(iv)	LDV & Trailer > Half Full		R	44.61	R	47.73	6.99%	R	50.31	5.41%
(ii)(v)	3 Ton Truck <=Half Full		R	77.28	R	82.69	7.00%	R	87.16	5.41%
(ii)(vi)	3 Ton Truck >Half Full		R	64.95	R	69.50	7.01%	R	73.25	5.40%
(ii)(vii)	5 Ton Truck <=Half Full		R	101.74	R	108.86	7.00%	R	114.74	5.40%
(ii)(viii)	5 Ton Truck >Half Full		R	95.87	R	102.58	7.00%	R	108.12	5.40%
(ii)(ix)	7 Ton Truck <=Half Full		R	172.17	R	184.22	7.00%	R	194.17	5.40%
(ii)(x)	7 Ton Truck >Half Full									
3.14.4	Tyres									
(i)	Small (Car & LDV)		R	15.65	R	16.75	7.03%	R	17.65	5.37%
(ii)	Big		R	29.35	R	31.40	6.98%	R	33.10	5.41%
3.14.5	General Points									
(i)	Private - Private residents with clean garden and builders rubble generated in normal personal and household activities.									
(ii)	Other users - Any other person or entity with clean garden or builders rubble generated due to economic activities.									
(iii)	Garden waste to be bagged in bags or tied in bundles not longer than 1.2 m. Garden waste material may not exceed 60 mm in cross section.									
(iv)	Domestic solid waste defined as waste (excluding garden waste and builders rubble) generated from personal and household activities.									
(v)	Garden solid waste defined as superfluous vegetation (exceeding 60 mm in cross section) generated by gardening activities.									
(vi)	Non-domestic solid waste defined as waste, excluding mechanically compacted waste, which is neither residential waste, garden waste, medical waste nor industrial waste.									
(vii)	Industrial solid waste defined as waste, excluding mechanically compounded waste, generated by a manufacturing, industrial or fabricating facilities activities.									
(viii)	Clean builders rubble defined as waste consisting of broken bricks, sand, stone, cement, plaster and similar inert materials, but excluding paper, plastic, wood, glass and metal. Clean builders rubble is utilised for constructing temporary roads on disposal sites and should therefore not damage vehicle tyres.									
(ix)	LDV - Bakkie - carrying capacity not exceeding one ton									
(x)	Trailer - Carrying capacity not exceeding 3 ton.									
3.14.6	Payable on Late Payment of an Account	Prime Plus 1 %	Prime Plus 1 %		Prime Plus 1 %		Prime Plus 1 %		Prime Plus 1 %	

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			Current Tariffs:		Budget Year:			Budget Year + 1:		Budget Year + 2:			
	Sewerage	Conditions	2012 - 2013		2013 - 2014			2014 - 2015	% Increase/ (Decrease)	2015 - 2016	% Increase/ (Decrease)		
4.1	Basic (Minimum) Charges												
(i)	Single Residential erven and Churches includes accommodation establishments with three or less bedrooms	Per Annum	R	3,494.00	R	3,717.62	6.40%	R	3,918.37	5.40%	R	4,129.96	5.40%
(ii)	General Residential, Shops, Offices, Hotels , including accommodation establishments with four or more bedrooms.	Per Unit or Equivalent as per definition / Per Annum	R	5,372.00	R	5,715.81	6.40%	R	6,024.46	5.40%	R	6,349.78	5.40%
(iii)	Single Residential properties utilised for business purposes, etc	Per Annum	R	6,984.00	R	7,430.98	6.40%	R	7,832.25	5.40%	R	8,255.19	5.40%
(iv)	Restaurants	Per Unit or Equivalent as per definition / Per Annum	R	6,984.00	R	7,430.98	6.40%	R	7,832.25	5.40%	R	8,255.19	5.40%
(v)	Schools (As at 31 May each Year)	Per learner per Annum	R	9.30	R	9.90	6.45%	R	10.43	5.35%	R	10.99	5.37%
(vi)	Hostels (As at 31 May each Year)	Per learner per Annum	R	9.30	R	9.90	6.45%	R	10.43	5.35%	R	10.99	5.37%
(vii)	Group Housing & Resort Zones	Per unit per Annum	R	3,494.00	R	3,717.62	6.40%	R	3,918.37	5.40%	R	4,129.96	5.40%
(viii)	Residential Property valuation below R 350 000	Per Annum	R	978.36	R	1,040.98	6.40%	R	1,097.19	5.40%	R	1,156.44	5.40%
(ix)	Bulk Consumers	Rebate of :		10.00%		10.00%	0.00%		10.00%	0.00%		10.00%	0.00%
(x)	Registered Schools and crèches qualify for a rebate of:	Rebate of :		10.00%		10.00%	0.00%		10.00%	0.00%		10.00%	0.00%
4.2	Definitions and General Points												
(i)	Each dwelling, flat etc. shall be deemed to be one residential unit												
(ii)	Each five hotel / boarding rooms shall be deemed to be one residential unit												
(iii)	Each ten caravan sites shall be deemed to be one residential unit												
(iv)	Calculated results shall be rounded up to the next integer figure.												
(v)	The number of dwellings, flats, caravan sites etc. shall be determined by a certificate issued by the Senior Building Inspector.												
4.3	Sanitation fee per Erf												
(i)	Applicable to improved properties not served by waterborne sewerage irrespective if service is utilised.	Per Annum	R	1,365.00	R	1,452.36	6.40%	R	1,530.79	5.40%	R	1,613.45	5.40%
4.4	Septic tanks removals												
4.4.1	Normal Working Hours												
(i)	Tanker Removals	Per Load or part thereof	R	322.00	R	342.61	6.40%	R	361.11	5.40%	R	380.61	5.40%
(ii)	Tanker Removals per load or part thereof	Where no annual fee is paid	R	808.00	R	859.71	6.40%	R	906.13	5.40%	R	955.06	5.40%
(iii)	Tanker Removals: Sub - economic	Per Load or part thereof	R	429.00	R	456.46	6.40%	R	481.11	5.40%	R	507.09	5.40%
4.4.2	Outside Normal Working Hours												
(i)	Tanker Removals	Per Load or part thereof	R	483.00	R	513.91	6.40%	R	541.66	5.40%	R	570.91	5.40%
(ii)	Tanker Removals per load or part thereof	Where no annual fee is paid	R	1,212.00	R	1,289.57	6.40%	R	1,359.21	5.40%	R	1,432.61	5.40%
(iii)	Tanker Removals: Sub - economic	Per Load or part thereof	R	643.50	R	684.68	6.40%	R	721.65	5.40%	R	760.62	5.40%
4.4.3	Sundays & Public Holidays												
(i)	Tanker Removals	Per Load or part thereof	R	644.00	R	685.22	6.40%	R	722.22	5.40%	R	761.22	5.40%
(ii)	Tanker Removals per load or part thereof	Where no annual fee is paid	R	1,616.00	R	1,719.42	6.40%	R	1,812.27	5.40%	R	1,910.13	5.40%
(iii)	Tanker Removals: Sub - economic	Per Load or part thereof	R	858.00	R	912.91	6.40%	R	962.21	5.40%	R	1,014.17	5.40%
4.5	Night Soil (Per Bucket)												
(i)	Dwellings	Per Month	R	43.00	R	45.75	6.40%	R	48.22	5.40%	R	50.82	5.39%
(ii)	Shops / Churches	Per Month	R	43.00	R	45.75	6.40%	R	48.22	5.40%	R	50.82	5.39%
(ii)	Schools	Per Month	R	43.00	R	45.75	6.40%	R	48.22	5.40%	R	50.82	5.39%

*All Tariffs exclude VAT, accept if specifically mentioned.

Sanitation

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BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

			Current Tariffs:		Budget Year:			Budget Year + 1:	% Increase/ (Decrease)	Budget Year + 2:	% Increase/ (Decrease)		
	Sewerage	Conditions	2012 - 2013		2013 - 2014			2014 - 2015		2015 - 2016			
4.6	Availability charges - Per Annum												
(i)	Single Residential Erven	On Vacant Properties	R	3,494.00	R	3,717.62	6.40%	R	3,918.37	5.40%	R	4,129.96	5.40%
(ii)	Other Erven	On Vacant Properties	R	6,988.00	R	7,435.23	6.40%	R	7,836.73	5.40%	R	8,259.91	5.40%
(ii)	Light Industrial erven	On Vacant Properties	R	3,494.00	R	3,717.62	6.40%	R	3,918.37	5.40%	R	4,129.96	5.40%
4.7	Dumping At Sewer Works												
(i)	Per load of part thereof or < 5000 Litres	Per Month	R	909.56	R	967.77	6.40%	R	1,020.03	5.40%	R	1,075.11	5.40%
(ii)	Per single load > 5000 Litres	Per Load	R	288.75	R	307.23	6.40%	R	323.82	5.40%	R	341.31	5.40%
4.8	Augmentation fees												
(i)	Single Residential Dwelling includes accommodation establishments with three or less bedrooms	Per Each	R	3,494.00	R	3,717.62	6.40%	R	3,918.37	5.40%	R	4,129.96	5.40%
(ii)	General Residential, Shops, Offices, Hotels and Caravan Parks, includes accommodation establishments with four or more bedrooms.	Per Unit	R	5,372.00	R	5,715.81	6.40%	R	6,024.46	5.40%	R	6,349.78	5.40%
(iii)	Single Residential properties utilised for business purposes, etc	Per Unit	R	6,984.00	R	7,430.98	6.40%	R	7,832.25	5.40%	R	8,255.19	5.40%
(iv)	Restaurants	Per 100 m²	R	6,984.00	R	7,430.98	6.40%	R	7,832.25	5.40%	R	8,255.19	5.40%
(v)	Schools (As at 31 May each Year)	Per Bed	R	9.30	R	9.90	6.45%	R	10.43	5.35%	R	10.99	5.37%
(vi)	Hostels (As at 31 May each Year)	Per Capita	R	9.30	R	9.90	6.45%	R	10.43	5.35%	R	10.99	5.37%
(vii)	Group Housing & Resort Zones	Per Seat	R	3,494.00	R	3,717.62	6.40%	R	3,918.37	5.40%	R	4,129.96	5.40%
(viii)	Residential Property valuation below R 350 000		R	978.36	R	1,040.98	6.40%	R	1,097.19	5.40%	R	1,156.44	5.40%
4.9	Payable on Late Payment of an Account	Prime Plus 1 %	Prime Plus 1 %		Prime Plus 1 %		Prime Plus 1 %						

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

	Water	Conditions	Current Tariffs: 2012 - 2013	Budget Year: 2013 - 2014		Budget Year + 1: 2014 - 2015	% Increase/ (Decrease)	Budget Year + 2: 2015 - 2016	% Increase/ (Decrease)
5.1 Normal Conditions									
(a) These tariffs would only be applied in case the drought conditions at points 4.2, 4.3 or 4.4 are not met and in the case that a tariff is not included in the drought condition tariffs.									
5.1.1 Basic (Minimum) Charges									
5.1.1.1 Domestic and Churches									
		includes accommodation establishments with three or less bedrooms.							
(i)	Per Dwelling / Flat	All Areas	R 237.59	R 251.85	6.00%	R 265.45	5.40%	R 279.78	5.40%
5.1.1.2 Domestic property Valuation below R 350 000									
(i)	Per Dwelling / Flat	On consumption of 1 to 6 KI per month	Free	Free		Free		Free	
(ii)	Per Dwelling / Flat	On consumption of 7 KI or more per month	R 59.40	R 62.96	5.99%	R 66.36	5.40%	R 69.94	5.39%
5.1.1.3 Other									
		Includes accommodation establishments with four or more bedrooms & Single Residential Properties for Business Purposes							
(i)	Per Non-Profit Community Crèche (On Application Only)	First 40 KI water free	R 247.09	R 261.92	6.00%	R 276.06	5.40%	R 290.97	5.40%
(ii)	Shops / Offices	Per Unit	R 308.87	R 327.40	6.00%	R 345.08	5.40%	R 363.71	5.40%
(iii)	Restaurants	Per Unit	R 617.74	R 654.80	6.00%	R 690.16	5.40%	R 727.43	5.40%
(iv)	Hotels / Boarding Houses	Per Unit	R 308.87	R 327.40	6.00%	R 345.08	5.40%	R 363.71	5.40%
(v)	Caravan Parks	Per Unit	R 308.87	R 327.40	6.00%	R 345.08	5.40%	R 363.71	5.40%
(vi)	Industrial	Per Unit	R 617.74	R 654.80	6.00%	R 690.16	5.40%	R 727.43	5.40%
(vii)	Schools	Per Unit	R 617.74	R 654.80	6.00%	R 690.16	5.40%	R 727.43	5.40%
(viii)	PDI Areas	Per Unit	R 247.09	R 261.92	6.00%	R 276.06	5.40%	R 290.97	5.40%
(ix)	Rural Areas	Per Unit	R 308.87	R 327.40	6.00%	R 345.08	5.40%	R 363.72	5.40%
(x)	Registered Schools and crèches qualify for a rebate of:	Rebate of :	10.00%	10.00%	0.00%	10.00%	0.00%	10.00%	0.00%
5.1.2 Definitions and General Points									
(i)	Each dwelling, flat etc. shall be deemed to be one residential unit								
(ii)	Each five hotel / boarding rooms shall be deemed to be one residential unit								
(iii)	Each ten caravan sites shall be deemed to be one residential unit								
(iv)	Calculated results shall be rounded up to the next integer figure.								
(v)	The number of dwellings, flats, caravan sites etc. shall be determined by a certificate issued by the Senior Building Inspector.								

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

			Current Tariffs:		Budget Year:			Budget Year + 1:		Budget Year + 2:			
	Water	Conditions	2012 - 2013		2013 - 2014			2014 - 2015		% Increase/ (Decrease)	2015 - 2016	% Increase/ (Decrease)	
5.1.3 Availability Charges - Per Annum													
(i)	Domestic	On Vacant Properties	R	2,851.09	R	3,022.16	6.00%	R	3,185.36	5.40%	R	3,357.37	5.40%
(ii)	Other	On Vacant Properties	R	7,412.84	R	7,857.61	6.00%	R	8,281.92	5.40%	R	8,729.14	5.40%
(iii)	Domestic: PDI Areas	On Vacant Properties	R	712.77	R	755.54	6.00%	R	796.34	5.40%	R	839.34	5.40%
(iv)	Other: PDI Areas	On Vacant Properties	R	2,965.13	R	3,143.04	6.00%	R	3,312.76	5.40%	R	3,491.65	5.40%
5.1.4 Consumption Charge													
5.1.4.1 Domestic and Churches													
(i)	0 - 25 kilolitres	Rand per kilolitre	Free		Free			Free			Free		
(ii)	26 - 30 kilolitres	Rand per kilolitre	R	5.58	R	5.91	5.91%	R	6.23	5.41%	R	6.57	5.46%
(iii)	31 - 40 kilolitres	Rand per kilolitre	R	7.81	R	8.28	6.02%	R	8.73	5.43%	R	9.20	5.38%
(iv)	41 - 50 kilolitres	Rand per kilolitre	R	9.48	R	10.05	6.01%	R	10.59	5.37%	R	11.16	5.38%
(v)	51 - 60 kilolitres	Rand per kilolitre	R	12.27	R	13.01	6.03%	R	13.71	5.38%	R	14.45	5.40%
(vi)	61 - 70 kilolitres	Rand per kilolitre	R	15.62	R	16.56	6.02%	R	17.45	5.37%	R	18.39	5.39%
(vii)	Above 70 kilolitres	Rand per kilolitre	R	30.68	R	32.52	6.00%	R	34.28	5.41%	R	36.13	5.40%
(viii)	Bulk Consumers	Rebate of :		10.00%		10.00%	0.00%		10.00%	0.00%		10.00%	0.00%
5.1.4.2 Business / Commercial / other													
		Includes accommodation establishments with four or more bedrooms & Single Residential Properties for Business Purposes											
(i)	0 - 60 kilolitres	Rand per kilolitre	R	7.70	R	8.16	5.97%	R	8.60	5.39%	R	9.06	5.35%
(ii)	61 - 100 kilolitres	Rand per kilolitre	R	17.44	R	18.49	6.02%	R	19.49	5.41%	R	20.54	5.39%
(iii)	101 - 200 kilolitres	Rand per kilolitre	R	19.93	R	21.13	6.02%	R	22.27	5.40%	R	23.47	5.39%
(iv)	Above 200 kilolitres - Excluding Laundromats	Rand per kilolitre	R	22.40	R	23.74	5.98%	R	25.02	5.39%	R	26.37	5.40%
(v)	Above 200 kilolitres - Laundromats	Rand per kilolitre	R	19.93	R	21.13	6.02%	R	22.27	5.40%	R	23.47	5.39%
5.1.4.3 Rural (Without service agreement for development)													
(i)	0 - 20 kilolitres	Rand per kilolitre	Free		Free			Free			Free		
(ii)	21 - 30 kilolitres	Rand per kilolitre	R	5.58	R	5.91	5.91%	R	6.23	5.41%	R	6.57	5.46%
(iii)	31 - 40 kilolitres	Rand per kilolitre	R	9.48	R	10.05	6.01%	R	10.59	5.37%	R	11.16	5.38%
(iv)	Above 40 kilolitres	Rand per kilolitre	R	30.70	R	32.54	5.99%	R	34.30	5.41%	R	36.15	5.39%

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

	Water	Conditions	Current Tariffs:		Budget Year:		Budget Year + 1:		Budget Year + 2:	
			2012 - 2013		2013 - 2014		2014 - 2015		2015 - 2016	
							% Increase/ (Decrease)		% Increase/ (Decrease)	
5.1.4.4	Prepaid									
5.1.4.4.1	Domestic									
(i)	0 - 25 kilolitres	Rand per kilolitre	Free	Free		Free		Free		
(ii)	26 - 30 kilolitres	Rand per kilolitre	R 5.58	R 5.91	5.91%	R 6.23	5.41%	R 6.57	5.46%	
(iii)	31 - 40 kilolitres	Rand per kilolitre	R 7.81	R 8.28	6.02%	R 8.73	5.43%	R 9.20	5.38%	
(iv)	41 - 50 kilolitres	Rand per kilolitre	R 9.48	R 10.05	6.01%	R 10.59	5.37%	R 11.16	5.38%	
(v)	51 - 60 kilolitres	Rand per kilolitre	R 12.27	R 13.01	6.03%	R 13.71	5.38%	R 14.45	5.40%	
(vi)	61 - 70 kilolitres	Rand per kilolitre	R 15.62	R 16.56	6.02%	R 17.45	5.37%	R 18.39	5.39%	
(vii)	Above 70 kilolitres	Rand per kilolitre	R 30.68	R 32.52	6.00%	R 34.28	5.41%	R 36.13	5.40%	
5.1.4.4.2	Beaches	Rand per kilolitre	R 7.65	R 8.11	6.01%	R 8.55	5.43%	R 9.01	5.38%	
5.1.5	Connection Fees									
5.1.5.1	Standard Connections									
(i)	Municipal Area: 15mm	Per Connection	R 1,697.49	R 1,799.34	6.00%	R 1,896.50	5.40%	R 1,998.91	5.40%	
(ii)	Municipal Area: 20mm	Per Connection	R 2,036.99	R 2,159.21	6.00%	R 2,275.81	5.40%	R 2,398.70	5.40%	
(iii)	Municipal Area: 25mm	Per Connection	R 2,749.93	R 2,914.93	6.00%	R 3,072.34	5.40%	R 3,238.25	5.40%	
(iv)	Municipal Area: 40mm	Per Connection	R 8,249.80	R 8,744.79	6.00%	R 9,217.01	5.40%	R 9,714.73	5.40%	
(v)	Municipal Area: 50mm	Per Connection	R 9,074.78	R 9,619.27	6.00%	R 10,138.71	5.40%	R 10,686.20	5.40%	
(vi)	Municipal Area: 80mm	Per Connection	R 9,982.26	R 10,581.20	6.00%	R 11,152.58	5.40%	R 11,754.82	5.40%	
(vii)	Rural Area: 20mm only	Per Connection	R 2,648.08	R 2,806.96	6.00%	R 2,958.54	5.40%	R 3,118.30	5.40%	
5.1.5.2	Non - Standard Connections		Cost plus 10%	Cost plus 10%		Cost plus 10%		Cost plus 10%		
(i)	Minimum Charge	Per Connection	R 3,849.91	R 4,080.90	6.00%	R 4,301.27	5.40%	R 4,533.54	5.40%	
5.1.6	Other Fees									
5.1.6.1	Dis- & Reconnections due to Non-Payment									
(i)	All Areas		R 279.30	R 296.06	6.00%	R 312.05	5.40%	R 328.90	5.40%	
5.1.6.2	Special readings									
(i)	All Areas		R 227.85	R 241.52	6.00%	R 254.56	5.40%	R 268.31	5.40%	
5.1.6.3	Sale of Water by Tanker (Payable in advance)									
(i)	Collected at depot	Per Kilolitre	R 4.50	R 4.77	6.00%	R 5.03	5.45%	R 5.30	5.37%	
(ii)	Delivery of water by tanker									
(ii)(i)	Per kilometre		R 17.00	R 18.02	6.00%	R 18.99	5.38%	R 20.02	5.42%	
(ii)(ii)	Per tanker or part thereof		R 382.00	R 404.92	6.00%	R 426.79	5.40%	R 449.84	5.40%	
5.1.6.4	Filling of Swimming Pools from Hydrant									
(i)	Per kilometre	Payable in Advance	Invoice / Quote	Invoice / Quote		Invoice / Quote		Invoice / Quote		
(ii)	Per tanker or part thereof	Payable in Advance	Invoice / Quote	Invoice / Quote		Invoice / Quote		Invoice / Quote		

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

			Current Tariffs:		Budget Year:			Budget Year + 1:		Budget Year + 2:			
	Water	Conditions	2012 - 2013		2013 - 2014			2014 - 2015	% Increase/ (Decrease)	2015 - 2016	% Increase/ (Decrease)		
5.1.6.5 Services Fees		Payable before Replacement											
5.1.6.5.1 Service Calls - Normal Working Hours													
(i)	Town		R	227.85	R	241.52	6.00%	R	254.56	5.40%	R	268.31	5.40%
(ii)	Rural		R	308.70	R	327.22	6.00%	R	344.89	5.40%	R	363.51	5.40%
5.1.6.5.2 Service Calls - Outside Normal Working Hours													
(i)	Town		R	341.78	R	362.28	6.00%	R	381.84	5.40%	R	402.46	5.40%
(ii)	Rural		R	463.05	R	490.83	6.00%	R	517.33	5.40%	R	545.27	5.40%
5.1.6.5.3 Service Calls - Sundays & Public Holidays													
(i)	Town		R	455.70	R	483.04	6.00%	R	509.12	5.40%	R	536.61	5.40%
(ii)	Rural		R	617.40	R	654.44	6.00%	R	689.78	5.40%	R	727.03	5.40%
5.1.6.5.4 Water Meters													
(i)	Test of meter		R	184.98	R	196.08	6.00%	R	206.67	5.40%	R	217.83	5.40%
(ii)	Temporary Dis- / Reconnection		R	227.85	R	241.52	6.00%	R	254.56	5.40%	R	268.31	5.40%
(iii)	Tampering with Meter		R	2,237.93	R	2,372.21	6.00%	R	2,500.31	5.40%	R	2,635.33	5.40%
(iv)	Surcharge: Inaccessible Electricity Meters Customers will be notified in writing whenever a water meter has for whatever reason become inaccessible. Consumers will have 14 days from the date of notification to arrange for a reading to be taken. A surcharge will therefore be levied if no response is received on or before the notice period has ended.											per incident	
(v)	Relocation of water meters Where the meter is still inaccessible after the notice period , of the third notice has ended, the water meter will be relocated to allow water readings to be taken.												
(iv)	Penalty for Illegal water connections												
	A fine for connecting illegally to a municipal water main will be billed to the customer who benefited from illegal connection. This penalty fee is in addition to the responsibility for payment for water services provided to the consumer. The municipality may estimate the qauntity of water services provided in respect of a period within the interval between sucessive measurements and may render an account to a consumer for the services so estimated .												
5.1.6.5.5 Water Tests													
(i)	Full	Per Sample	R	388.08	R	411.36	6.00%	R	433.57	5.40%	R	456.98	5.40%
(ii)	Bacteriological, ecoli & califorms	Per Sample	R	103.49	R	109.70	6.00%	R	115.62	5.40%	R	121.86	5.40%
5.1.6.5.6 Penalty for Late Payment													
(i)	Payable on Late Payment of an Account		Prime Plus 1 %		Prime Plus 1 %			Prime Plus 1 %		Prime Plus 1 %			

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

			Current Tariffs:		Budget Year:		Budget Year + 1:	% Increase/ (Decrease)	Budget Year + 2:	% Increase/ (Decrease)
	Water	Conditions	2012 - 2013		2013 - 2014		2014 - 2015		2015 - 2016	
5.1.7	Augmentation fees									
5.1.7.1	Single Residential Erven									
(i)	Erven up to 600 m ²		R	19,302.00	R	20,460.00	6.00%	R	21,565.00	5.40%
(ii)	Erven 601 m ² 800 m ²		R	22,236.00	R	23,570.00	6.00%	R	24,843.00	5.40%
(iii)	Erven 801 m ² 1000 m ²		R	28,106.00	R	29,792.00	6.00%	R	31,401.00	5.40%
(iv)	Erven 1001 m ² 1200 m ²		R	33,863.00	R	35,895.00	6.00%	R	37,833.00	5.40%
(v)	Erven 1201 m ² 1400 m ²		R	39,619.00	R	41,996.00	6.00%	R	44,264.00	5.40%
(vi)	Erven 1401 m ² 1600 m ²		R	45,376.00	R	48,099.00	6.00%	R	50,696.00	5.40%
(vii)	Erven 1601 m ² 1800 m ²		R	51,471.00	R	54,559.00	6.00%	R	57,505.00	5.40%
(viii)	Erven 1801 m ² 2000 m ²		R	57,228.00	R	60,662.00	6.00%	R	63,938.00	5.40%
(ix)	Erven over 2000 m ²		R	64,000.00	R	67,840.00	6.00%	R	71,503.00	5.40%
5.1.7.2	Group Housing - resort zone									
(i)	Units up to 100 m ²		R	18,173.00	R	19,263.00	6.00%	R	20,303.00	5.40%
(ii)	Units 101 m ² 120 m ²		R	21,785.00	R	23,092.00	6.00%	R	24,339.00	5.40%
(iii)	Units 121 m ² 140 m ²		R	25,623.00	R	27,160.00	6.00%	R	28,627.00	5.40%
(iv)	Units 141 m ² 160 m ²		R	29,460.00	R	31,228.00	6.00%	R	32,914.00	5.40%
(v)	Units 161 m ² 180 m ²		R	33,298.00	R	35,296.00	6.00%	R	37,202.00	5.40%
(vi)	Units 181 m ² 200 m ²		R	37,136.00	R	39,364.00	6.00%	R	41,490.00	5.40%
(vii)	Units over 200 m ²		R	40,974.00	R	43,432.00	6.00%	R	45,777.00	5.40%
5.1.7.3	General Residential									
(i)	Flats up to 100 m ²		R	16,593.00	R	17,589.00	6.00%	R	18,539.00	5.40%
(ii)	Flats 101 m ² 120 m ²		R	20,430.00	R	21,656.00	6.00%	R	22,825.00	5.40%
(iii)	Flats 121 m ² 150 m ²		R	25,623.00	R	27,160.00	6.00%	R	28,627.00	5.40%
(iv)	Flats over 150 m ²		R	29,460.00	R	31,228.00	6.00%	R	32,914.00	5.40%
5.1.7.4	Other									
(i)	Shops and Offices per 100 m ²		R	9,707.00	R	10,289.00	6.00%	R	10,845.00	5.40%
(ii)	Hotels (per bed)		R	4,967.00	R	5,265.00	6.00%	R	5,549.00	5.39%
(iii)	Restaurants (per Seat)		R	734.00	R	778.00	5.99%	R	820.00	5.40%
(iv)	Camps and Caravan Parks (Per Capita)		R	2,878.00	R	3,051.00	6.01%	R	3,216.00	5.41%
5.1.7.5	Small Developments (1 to 3 Units)									
(i)	Small developments (up to 3 units) and small holdings (rural consumers without a service agreement for development) per demand unit		R	36,120.00	R	38,287.00	6.00%	R	40,354.00	5.40%

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

	Water	Conditions	Current Tariffs: 2012 - 2013	Budget Year: 2013 - 2014		Budget Year + 1: 2014 - 2015	% Increase/ (Decrease)	Budget Year + 2: 2015 - 2016	% Increase/ (Decrease)
5.2 Drought Situation - Stage 1									
(a) These tariffs would only be applied if either the Roodefontein Dam is at 60% or the flow of the Keurboomsriver is at 600 litres per seconds and when water consumption is more than 25 kiloliters per month.									
5.2.1 Basic (Minimum) Charges									
5.2.1.1 Domestic and Churches									
(i)	Per Dwelling / Flat	All Areas	R 356.39	R 377.77	6.00%	R 398.17	5.40%	R 419.67	5.40%
5.2.2 Consumption Charge									
5.2.2.1 Domestic and Churches									
		Includes accommodation establishments with three or less bedrooms.							
(i)	26 - 30 kilolitres	Rand per kilolitre	R 8.37	R 8.87	5.97%	R 9.35	5.41%	R 9.85	5.35%
(ii)	31 - 40 kilolitres	Rand per kilolitre	R 11.71	R 12.41	5.98%	R 13.08	5.40%	R 13.79	5.43%
(iii)	41 - 50 kilolitres	Rand per kilolitre	R 14.22	R 15.07	5.98%	R 15.88	5.37%	R 16.74	5.42%
(iv)	51 - 60 kilolitres	Rand per kilolitre	R 18.41	R 19.51	5.98%	R 20.56	5.38%	R 21.67	5.40%
(v)	61 - 70 kilolitres	Rand per kilolitre	R 23.43	R 24.84	6.02%	R 26.18	5.39%	R 27.59	5.39%
(vi)	Above 70 kilolitres	Rand per kilolitre	R 46.02	R 48.78	6.00%	R 51.41	5.39%	R 54.19	5.41%
5.3 Drought Situation - Stage 2									
(a) These tariffs would only be applied if either the Roodefontein Dam is at 40% or the flow of the Keurboomsriver is at 400 litres per seconds and when water consumption is more than 25 kiloliters per month.									
5.3.1 Basic (Minimum) Charges									
5.3.1.1 Domestic and Churches									
(i)	Per Dwelling / Flat	All Areas	R 475.18	R 503.69	6.00%	R 530.89	5.40%	R 559.56	5.40%
5.3.2 Consumption Charge									
5.3.2.1 Domestic and Churches									
(i)	26 - 30 kilolitres	Rand per kilolitre	R 11.17	R 11.84	6.00%	R 12.48	5.41%	R 13.15	5.37%
(ii)	31 - 40 kilolitres	Rand per kilolitre	R 15.63	R 16.57	6.01%	R 17.46	5.37%	R 18.40	5.38%
(iii)	41 - 50 kilolitres	Rand per kilolitre	R 18.98	R 20.12	6.01%	R 21.21	5.42%	R 22.36	5.42%
(iv)	51 - 60 kilolitres	Rand per kilolitre	R 24.57	R 26.04	5.98%	R 27.45	5.41%	R 28.93	5.39%
(v)	61 - 70 kilolitres	Rand per kilolitre	R 31.27	R 33.15	6.01%	R 34.94	5.40%	R 36.83	5.41%
(vi)	Above 70 kilolitres	Rand per kilolitre	R 61.42	R 65.11	6.01%	R 68.63	5.41%	R 72.34	5.41%

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

	Water	Conditions	Current Tariffs: 2012 - 2013	Budget Year: 2013 - 2014		Budget Year + 1: 2014 - 2015	% Increase/ (Decrease)	Budget Year + 2: 2015 - 2016	% Increase/ (Decrease)
5.4	Drought Situation - Stage 3								
(a)	These tariffs would only be applied if either the Roodefontein Dam is at 25% or the flow of the Keurboomsriver is at 300 litres per seconds and when water consumption is more than 25 kiloliters per month.								
5.4.1	Basic (Minimum) Charges								
5.4.1.1	Domestic and Churches	Includes accommodation establishments with three or less bedrooms.							
(i)	Per Dwelling / Flat	All Areas	R 712.77	R 755.54	6.00%	R 796.34	5.40%	R 839.34	5.40%
5.4.2	Consumption Charge								
5.4.2.1	Domestic and Churches								
(i)	26 - 30 kilolitres	Rand per kilolitre	R 16.74	R 17.74	5.97%	R 18.70	5.41%	R 19.71	5.40%
(ii)	31 - 40 kilolitres	Rand per kilolitre	R 23.44	R 24.85	6.02%	R 26.19	5.39%	R 27.60	5.38%
(iii)	41 - 50 kilolitres	Rand per kilolitre	R 28.47	R 30.18	6.01%	R 31.81	5.40%	R 33.53	5.41%
(iv)	51 - 60 kilolitres	Rand per kilolitre	R 36.84	R 39.05	6.00%	R 41.16	5.40%	R 43.38	5.39%
(v)	61 - 70 kilolitres	Rand per kilolitre	R 46.88	R 49.69	5.99%	R 52.37	5.39%	R 55.20	5.40%
(vi)	Above 70 kilolitres	Rand per kilolitre	R 92.09	R 97.62	6.00%	R 102.89	5.40%	R 108.45	5.40%
5.4.2.2	Payable on Late Payment of an Account	Prime Plus 1 %	Prime Plus 1 %		Prime Plus 1 %		Prime Plus 1 %		

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

			Current Tariffs:		Budget Year:			Budget Year + 1:		Budget Year + 2:			
	Deposits, Beaches and Cemeteries	Conditions	2012 - 2013		2013 - 2014			2014 - 2015	% Increase/ (Decrease)	2015 - 2016	% Increase/ (Decrease)		
6	Deposits												
6.1	Service Deposit												
6.1.1	Domestic - Economic areas												
(i)	By Owner	If cut off due to non payment, it may be required that a further deposit be paid	R	1,118.04	R	1,185.12	6.00%	R	1,256.23	6.00%	R	1,331.60	6.00%
(ii)	By Person who rents		R	2,236.08	R	2,370.24	6.00%	R	2,512.45	6.00%	R	2,663.20	6.00%
6.1.2	Domestic - PDI areas												
(i)	By Owner	If cut off due to non payment, it may be required that a further deposit be paid	R	209.63	R	222.21	6.00%	R	235.54	6.00%	R	249.67	6.00%
(ii)	By Person who rents		R	419.27	R	444.43	6.00%	R	471.10	6.00%	R	499.37	6.00%
6.1.3	All Other Types of connections												
(i)	By Owner	If cut off due to non payment, it may be required that a further deposit be paid	2 x Monthly Account		2 x Monthly Account			2 x Monthly Account			2 x Monthly Account		
(ii)	By Person who rents		4 x Monthly Account		4 x Monthly Account			4 x Monthly Account			4 x Monthly Account		
6.2	Builder's												
(i)	Economic	Per New Dwelling	R	9,782.85	R	10,369.82	6.00%	R	10,992.01	6.00%	R	11,651.53	6.00%
(ii)	PDI Areas	Per New Dwelling	R	9,782.85	R	10,369.82	6.00%	R	10,992.01	6.00%	R	11,651.53	6.00%
6.3	Posters												
(i)	Per Poster	Per Poster	R	6.35	R	6.73	5.98%	R	7.13	5.94%	R	7.56	6.03%
7	Beaches												
7.1	Access, Parking and / or Launching fee - Commercial												
(i)	Whale / Dolphin / Seal Boat	Per Boat	R	14,611.00	R	15,487.66	6.00%	R	16,416.92	6.00%	R	17,401.94	6.00%
(ii)	Fishing Charter Boat	Per Annum	R	16,072.00	R	17,036.32	6.00%	R	18,058.50	6.00%	R	19,142.01	6.00%
(iii)	Diving Boat	Per Annum	R	16,072.00	R	17,036.32	6.00%	R	18,058.50	6.00%	R	19,142.01	6.00%
(iv)	Tender	Per Annum	R	16,072.00	R	17,036.32	6.00%	R	18,058.50	6.00%	R	19,142.01	6.00%
(v)	Kayak	Per Annum	R	1,607.00	R	1,703.42	6.00%	R	1,805.63	6.00%	R	1,913.97	6.00%
7.2	Launching of Recreational Vessels												
7.2.1	Sail- & Fishing Boats, Personal Water crafts, Rubber Ducks, etc												
(i)	Per Day		R	77.00	R	81.62	6.00%	R	86.52	6.00%	R	91.71	6.00%
(ii)	Per Week		R	154.00	R	163.24	6.00%	R	173.03	6.00%	R	183.41	6.00%
(iii)	Per Annum		R	769.00	R	815.14	6.00%	R	864.05	6.00%	R	915.89	6.00%
7.3	Overnight Beach Parking (Recreational Vessels Only)												
(i)	Sailboats	Per Day	R	76.87	R	81.48	6.00%	R	86.37	6.00%	R	91.55	6.00%
(ii)	Sailboats	Per Week	R	153.73	R	162.95	6.00%	R	172.73	6.00%	R	183.09	6.00%
(iii)	Sailboats	Per Annum	R	768.65	R	814.77	6.00%	R	863.66	6.00%	R	915.48	6.00%
(iv)	Fishing Boats, Rubber ducks, Etc	Per Day	R	76.87	R	81.48	6.00%	R	86.37	6.00%	R	91.55	6.00%
(v)	Fishing Boats, Rubber ducks, Etc	Per Week	R	153.73	R	162.95	6.00%	R	172.73	6.00%	R	183.09	6.00%

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

	Deposits, Beaches and Cemeteries	Conditions	Current Tariffs:		Budget Year:		Budget Year + 1:	% Increase/ (Decrease)	Budget Year + 2:	% Increase/ (Decrease)
			2012 - 2013	2013 - 2014		2014 - 2015			2015 - 2016	
8	Cemeteries									
8.1	Central Cemetery									
(i)	Burial Plot		R 2,744.28	R 2,908.94	6.00%	R 3,083.48	6.00%	R 3,268.49	6.00%	
(ii)	Digging & Filling of Grave		R 686.07	R 727.23	6.00%	R 770.86	6.00%	R 817.11	6.00%	
8.2	Other Cemeteries									
(i)	Burial Plot		R 343.04	R 363.62	6.00%	R 385.44	6.00%	R 408.57	6.00%	
(ii)	Digging & Filling of Grave		R 343.04	R 363.62	6.00%	R 385.44	6.00%	R 408.57	6.00%	
8.3	Wall of Remembrance									
(i)	Grave in Wall of Remembrance	Inclusive of urn and plate	R 326.70	R 346.30	6.00%	R 367.08	6.00%	R 389.10	6.00%	
9	Signage									
9.1	Removal & Collection of illegal Signage									
9.1.1	Billboards and other High Impact, Free Standing									
(i)	Billboards exceeding 15 m ²	Per m ²	R 138.60	R 146.92	6.00%	R 155.74	6.00%	R 165.08	6.00%	
9.1.2	General Signs									
(i)	Flat Signs	Per m ²	R 69.30	R 73.46	6.00%	R 77.87	6.00%	R 82.54	6.00%	
(ii)	Signs on Building	Per m ²	R 69.30	R 73.46	6.00%	R 77.87	6.00%	R 82.54	6.00%	
(iii)	Roof Signs	Per m ²	R 69.30	R 73.46	6.00%	R 77.87	6.00%	R 82.54	6.00%	
(iv)	Painted Signs	Per m ²	R 69.30	R 73.46	6.00%	R 77.87	6.00%	R 82.54	6.00%	
(v)	Window Signs	Per m ²	R 69.30	R 73.46	6.00%	R 77.87	6.00%	R 82.54	6.00%	
(vi)	Residential Signs	Per m ²	R 69.30	R 73.46	6.00%	R 77.87	6.00%	R 82.54	6.00%	
(vii)	Business Signs	Per m ²	R 69.30	R 73.46	6.00%	R 77.87	6.00%	R 82.54	6.00%	
(viii)	Veranda, Balcony & Awning Signs	Per m ²	R 69.30	R 73.46	6.00%	R 77.87	6.00%	R 82.54	6.00%	
(ix)	Illuminated	Per m ²	R 69.30	R 73.46	6.00%	R 77.87	6.00%	R 82.54	6.00%	
(x)	B&B Directional Boards	Per m ²	R 69.30	R 73.46	6.00%	R 77.87	6.00%	R 82.54	6.00%	
(xi)	Sandwich Boards	Per Board	R 69.30	R 73.46	6.00%	R 77.87	6.00%	R 82.54	6.00%	
9.1.3	Special Signs									
(i)	Aerial Signs / Balloons	Per Sign	R 1,155.00	R 1,224.30	6.00%	R 1,297.76	6.00%	R 1,375.63	6.00%	
(ii)	Vehicular Advertising		As Per Traffic Dept	As Per Traffic Dept		As Per Traffic Dept		As Per Traffic Dept	0.00%	
(iii)	Trailer Advertising		As Per Traffic Dept	As Per Traffic Dept		As Per Traffic Dept		As Per Traffic Dept	0.00%	
(iv)	Project Boards	Per m ²	R 138.60	R 146.92	6.00%	R 155.74	6.00%	R 165.08	6.00%	
9.1.4	Other Signs									
(i)	Temporary Signs for Fundraising Events	Per m ²	R 69.30	R 73.46	6.00%	R 77.87	6.00%	R 82.54	6.00%	
(ii)	Tourism Signs	Per m ²	R 69.30	R 73.46	6.00%	R 77.87	6.00%	R 82.54	6.00%	
(iii)	Any Signs not specified above and not Exceeding 15 m ²	Per m ²	R 115.50	R 122.43	6.00%	R 129.78	6.00%	R 137.57	6.00%	
9.2	Fees are payable to Signage Management Agency (SMA) of the Plettenberg Bay Municipality.									
	No structure can be collected by Advertiser or will be returned to Advertiser prior to all arrear fees having been paid in full.									
	NOTE: Removal of any sign or structure having a concrete base or been fastened down in such a manner as to require excess labour, will be charged for at R 150,00 per hour and AA rates according to applicable transportation over and above the prices listed above.									
9.3										

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

	Deposits, Beaches and Cemeteries	Conditions	Current Tariffs:		Budget Year:		Budget Year + 1:	% Increase/ (Decrease)	Budget Year + 2:	% Increase/ (Decrease)
			2012 - 2013	2013 - 2014		2014 - 2015			2015 - 2016	
10	Fire Fighting									
10.1	Fire Fighting Charges									
(i)	Turnout Charge	Per Incident	R 191.00	R 202.46	6.00%	R 214.61	6.00%	R 227.49	6.00%	
(ii)	Charge per Kilometre	Per Incident	R 17.00	R 18.02	6.00%	R 19.10	5.99%	R 20.25	6.02%	
10.2	Waterpump Operating	Any Fire, Patrol or the like								
(i)	Waterpump Operating Charge	Per Hour or Part Thereof	R 128.00	R 135.68	6.00%	R 143.82	6.00%	R 152.45	6.00%	
(ii)	Standby	Per Hour or Part Thereof	R 85.00	R 90.10	6.00%	R 95.51	6.00%	R 101.24	6.00%	
(iii)	Dry Powder Unit	Actual Cost		Actual Cost		Actual Cost		Actual Cost		
(iv)	Turnout Charge		R 191.00	R 202.46	6.00%	R 214.61	6.00%	R 227.49	6.00%	
(v)	Charge per Km		R 17.00	R 18.02	6.00%	R 19.10	5.99%	R 20.25	6.02%	
10.3	Water Tender									
(i)	Turnout Charge		R 191.00	R 202.46	6.00%	R 214.61	6.00%	R 227.49	6.00%	
(ii)	Charge per Kilometre		R 17.00	R 18.02	6.00%	R 19.10	5.99%	R 20.25	6.02%	
(iii)	Standby	Per Hour or Part thereof	R 79.66	R 84.44	6.00%	R 89.51	6.00%	R 94.88	6.00%	
10.4	Service Motorcar									
(i)	Turnout Charge		R 85.00	R 90.10	6.00%	R 95.51	6.00%	R 101.24	6.00%	
(ii)	Charge per Kilometre		R 9.00	R 9.54	6.00%	R 10.11	5.97%	R 10.72	6.03%	
(iii)	Standby	Per Hour or Part thereof	R 53.00	R 56.18	6.00%	R 59.55	6.00%	R 63.12	5.99%	
10.5	Personnel Charge	Any Fire, Patrol or the like								
(i)	Chief	Per Hour or Part Thereof	R 128.00	R 135.68	6.00%	R 143.82	6.00%	R 152.45	6.00%	
(ii)	Deputy Chief	Per Hour or Part Thereof	R 120.75	R 128.00	6.00%	R 135.68	6.00%	R 143.82	6.00%	
(iii)	Station Officer	Per Hour or Part Thereof	R 105.15	R 111.46	6.00%	R 118.15	6.00%	R 125.24	6.00%	
(iv)	Leading Fireman	Per Hour or Part Thereof	R 96.57	R 102.36	6.00%	R 108.50	6.00%	R 115.01	6.00%	
(v)	Senior Fireman	Per Hour or Part Thereof	R 85.27	R 90.39	6.00%	R 95.81	6.00%	R 101.56	6.00%	
(vi)	Fireman	Per Hour or Part Thereof	R 68.26	R 72.36	6.01%	R 76.70	6.00%	R 81.30	6.00%	
(vii)	Junior Fire Fighter	Per Hour or Part Thereof	R 56.11	R 59.48	6.01%	R 63.05	6.00%	R 66.83	6.00%	
(viii)	Learner Fireman / Volunteers / Casuals	Per Hour or Part Thereof	R 49.70	R 52.68	6.00%	R 55.84	6.00%	R 59.19	6.00%	
(ix)	Volunteers	Per Hour or Part Thereof	R 47.70	R 50.56	6.00%	R 53.59	5.99%	R 56.81	6.01%	
(x)	Other Municipal Personnel	Per Hour or Part Thereof	Hourly Rate	Hourly Rate		Hourly Rate		Hourly Rate		
10.6	Equipment									
10.6.1	Extinguishers									
(i)	Dry Powder	Per Unit	R 300.00	R 318.00	6.00%	R 337.08	6.00%	R 357.30	6.00%	
(ii)	CO ²	Per Unit	R 350.00	R 371.00	6.00%	R 393.26	6.00%	R 416.86	6.00%	
(iii)	Foam	Per Unit	R 250.00	R 265.00	6.00%	R 280.90	6.00%	R 297.75	6.00%	
(iv)	H ² O	Per Unit	R 90.00	R 95.40	6.00%	R 101.12	6.00%	R 107.19	6.00%	

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			Current Tariffs:	Budget Year:		Budget Year + 1:	% Increase/ (Decrease)	Budget Year + 2:	% Increase/ (Decrease)
	Deposits, Beaches and Cemeteries	Conditions	2012 - 2013	2013 - 2014		2014 - 2015		2015 - 2016	
10.6.2	Other								
(i)	Foam to Replace	Per Litre	R 50.00	R 53.00	6.00%	R 56.18	6.00%	R 59.55	6.00%
(ii)	Breathing Apparatus	Per Unit	R 150.00	R 159.00	6.00%	R 168.54	6.00%	R 178.65	6.00%
(iii)	Portable Pump	Per Unit	R 80.00	R 84.80	6.00%	R 89.89	6.00%	R 95.28	6.00%
(iv)	Lighting Plant	Per Unit	R 150.00	R 159.00	6.00%	R 168.54	6.00%	R 178.65	6.00%
(v)	Power Tools	Per Unit	R 80.00	R 84.80	6.00%	R 89.89	6.00%	R 95.28	6.00%
(vi)	Fire Safety Compliance Certificate	Per Unit	R 525.00	R 556.50	6.00%	R 589.89	6.00%	R 625.28	6.00%
(vii)	Emergency Evacuation Plans	Per Unit	R 157.50	R 166.95	6.00%	R 176.97	6.00%	R 187.59	6.00%
(viii)	Emergency Standby at Events	Per Event	R 1,050.00	R 1,113.00	6.00%	R 1,179.78	6.00%	R 1,250.57	6.00%
10.7	Training								
(i)	Venue	Per Day	R 200.00	R 212.00	6.00%	R 224.72	6.00%	R 238.20	6.00%
(ii)	Equipment	Per Day	R 100.00	R 106.00	6.00%	R 112.36	6.00%	R 119.10	6.00%
(iii)	Medical Supplies	Per Day	R 500.00	R 530.00	6.00%	R 561.80	6.00%	R 595.51	6.00%
(iv)	Student Fees	Per Student	R 405.00	R 429.30	6.00%	R 455.06	6.00%	R 482.36	6.00%
11	Building Control & Town Planning								
11.1	Building Plan Fees								
11.1.1	New Buildings, Alterations & Additions	Minimum							
(i)	Residential Houses (Including Farm Dwellings)		R 384.33	R 407.39	6.00%	R 431.83	6.00%	R 457.74	6.00%
(ii)	Dwellings, 2nd Dwellings, Granny Flats, Outbuildings, Additions, Wendy Houses, etc.		R 384.33	R 407.39	6.00%	R 431.83	6.00%	R 457.74	6.00%
(iii)	Sketch plans, Masts, etc.		R 384.33	R 407.39	6.00%	R 431.83	6.00%	R 457.74	6.00%
11.1.2	Residential Houses (Including Farms)	Dwellings, 2nd Dwellings, Granny Flats, Outbuildings, Additions, Wendy Houses, etc.							
(i)	Floor Area 0 - 30 m ²	Per m ²	R 10.34	R 10.96	6.00%	R 11.62	6.02%	R 12.32	6.02%
(ii)	Floor Area 31 - 50 m ²	Per m ²	R 16.91	R 17.92	5.97%	R 19.00	6.03%	R 20.14	6.00%
(iii)	Floor Area 51 - 100 m ²	Per m ²	R 22.36	R 23.70	5.99%	R 25.12	5.99%	R 26.63	6.01%
(iv)	Floor Area 101 - 200 m ²	Per m ²	R 27.67	R 29.33	6.00%	R 31.09	6.00%	R 32.96	6.01%
(v)	Floor Area 201 - 400 m ²	Per m ²	R 31.58	R 33.47	5.98%	R 35.48	6.01%	R 37.61	6.00%
(vi)	Floor Area above 400 m ²	Per m ²	R 38.43	R 40.74	6.01%	R 43.18	5.99%	R 45.77	6.00%
11.1.3	Alterations without increasing areas								
(i)	Percentage of cost of construction (to be confirmed by QS/Architect)		0.50%	0.50%	0.00%	0.50%	0.00%	0.50%	0.00%

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

			Current Tariffs:		Budget Year:			Budget Year + 1:		Budget Year + 2:			
	Deposits, Beaches and Cemeteries	Conditions	2012 - 2013		2013 - 2014			2014 - 2015	% Increase/ (Decrease)	2015 - 2016	% Increase/ (Decrease)		
11.1.4	Non-Residential Buildings												
(i)	Carports & Awnings	Per m²	R	11.18	R	11.85	5.99%	R	12.56	5.99%	R	13.31	5.97%
(ii)	Factories, Warehouses & Parking Garages	Per m²	R	19.43	R	20.60	6.02%	R	21.84	6.02%	R	23.15	6.00%
(iii)	Flats, Shops, Offices, Hotels, Churches, Halls, Cinemas, Hospitals, Agricultural buildings and Other similar Buildings.	Per m²	R	27.95	R	29.63	6.01%	R	31.41	6.01%	R	33.29	5.99%
(iv)	Pools (Residential and Non-Residential)	Per m²	R	491.94	R	521.46	6.00%	R	552.75	6.00%	R	585.92	6.00%
(v)	Boundary Walls	Per Running Metre	R	7.69	R	8.15	5.98%	R	8.64	6.01%	R	9.16	6.02%
(vi)	Minimum Fee	Per Building	R	384.33	R	407.39	6.00%	R	431.83	6.00%	R	457.74	6.00%
(vii)	Demolition Certificates	Minmum Fee	R	384.33	R	407.39	6.00%	R	431.83	6.00%	R	457.74	6.00%
(viii)	PDI Areas	Rebate of:		50.00%		50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(ix)	Provisional Authorization												
(ix)(i)	Occupancy Certificate in excess of 12 months occupation	Exceeding 12 Months	R	525.00	R	556.50	6.00%	R	589.89	6.00%	R	625.28	6.00%
(ix)(ii)	Special events, Temporary grandstand, exhibit & Tents		R	384.33	R	407.39	6.00%	R	431.83	6.00%	R	457.74	6.00%
11.1.5	Amendment to plans requiring scrutiny												
(i)	Minimum Fee		R	384.33	R	407.39	6.00%	R	431.83	6.00%	R	457.74	6.00%
(ii)	PDI Areas		R	384.33	R	407.39	6.00%	R	431.83	6.00%	R	457.74	6.00%
(iii)	Labourer's Cottages / Agriclural Buildings		R	384.33	R	407.39	6.00%	R	431.83	6.00%	R	457.74	6.00%
11.1.6	Rebates												
(i)	State Funded Projects	Rebate of:		30.00%		30.00%	0.00%		30.00%	0.00%		30.00%	0.00%
(ii)	RDP, High Density, Municipal / Provincial Housing Projects: Including previous financial years	Rebate of:		100.00%		100.00%	0.00%		100.00%	0.00%		100.00%	0.00%
(iii)	NGOs (Welfare Organizations, Old Age, etc.)	Rebate of:		100.00%		100.00%	0.00%		100.00%	0.00%		100.00%	0.00%
(iv)	Churches	Rebate of:		50.00%		50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
11.1.7	Pavement Rental (Payable in Advance)												
(i)	Single Residential		R	1,187.92	R	1,259.20	6.00%	R	1,334.75	6.00%	R	1,414.84	6.00%
(ii)	Business : Maximum Fee		R	1,500.00	R	1,590.00	6.00%	R	1,685.40	6.00%	R	1,786.52	6.00%
(iii)	Business : Percentage of Municipal Valuation			10.00%		10.00%	0.00%		10.00%	0.00%		10.00%	0.00%
11.1.8	Printing of Builing Plans												
(i)	Size A0	Each	R	83.85	R	88.88	6.00%	R	94.21	6.00%	R	99.86	6.00%
(ii)	Size A1	Each	R	55.90	R	59.25	5.99%	R	62.81	6.01%	R	66.58	6.00%
(iii)	Size A2	Each	R	34.94	R	37.04	6.01%	R	39.26	5.99%	R	41.62	6.01%
(iv)	Size A3	Each	R	11.18	R	11.85	5.99%	R	12.56	5.99%	R	13.31	5.97%
11.1.9	Other												
(i)	Extension of Validity of Building Plan	Within 12 Months	R	384.33	R	407.39	6.00%	R	431.83	6.00%	R	457.74	6.00%
(ii)	Contravention Levy	Percentage of Building Cost		20.00%		20.00%	0.00%		20.00%	0.00%		20.00%	0.00%
(iii)	Penalty for Builing without approved Building Plans	Percentage of Normal Fees		700.00%		700.00%	0.00%		700.00%	0.00%		700.00%	0.00%

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

	Deposits, Beaches and Cemeteries	Conditions	Current Tariffs: 2012 - 2013	Budget Year: 2013 - 2014		Budget Year + 1: 2014 - 2015	% Increase/ (Decrease)	Budget Year + 2: 2015 - 2016	% Increase/ (Decrease)
11.2	Town Planning Fees								
11.2.1	Subdivisions								
	Augmentation Fees General Condition: Where approval is granted for a consolidation of erven and the consolidated Erf is re-subdivided after a period of 2 years, full augmentation fees in respect of all services becomes payable as applies to a first time subdivision.								
(i)	Subdivision (LUPO sec 25) - No of Units/Erven is 10 or less	Percentage op Property Value	0.10%	0.10%	0.00%	0.10%	0.00%	0.10%	0.00%
(i)(i)	Minimum Fee		R 570.00	R 604.20	6.00%	R 640.45	6.00%	R 678.88	6.00%
(i)(ii)	Maximum Fee		R 136,800.00	R 145,008.00	6.00%	R 153,708.48	6.00%	R 162,930.99	6.00%
(ii)	Subdivision (LUPO sec 25) - No of Units/Erven more than 10 (Above rate is used plus)	Above Rate plus Per Unit / Erf more than 10							
(ii)(i)	Minimum Fee		R 57.00	R 60.42	6.00%	R 64.05	6.01%	R 67.89	6.00%
(ii)(ii)	Maximum Fee		R 570.00	R 604.20	6.00%	R 640.45	6.00%	R 678.88	6.00%
(ii)(ii)	Maximum Fee		R 136,800.00	R 145,008.00	6.00%	R 153,708.48	6.00%	R 162,930.99	6.00%
(iii)	Subdivision (LUPO sec 23)	Per Property	R 4,560.00	R 4,833.60	6.00%	R 5,123.62	6.00%	R 5,431.04	6.00%
(iv)	Clearance for Transfer (LUPO sec 31)	Per Property	R 228.00	R 241.68	6.00%	R 256.18	6.00%	R 271.55	6.00%
(v)	Removal of Restriction	Percentage op Property Value	0.10%	0.10%	0.00%	0.10%	0.00%	0.10%	0.00%
(v)(i)	Minimum Fee		R 570.00	R 604.20	6.00%	R 640.45	6.00%	R 678.88	6.00%
(v)(ii)	Maximum Fee		R 136,800.00	R 145,008.00	6.00%	R 153,708.48	6.00%	R 162,930.99	6.00%
11.2.2	Structure Plan Amendment								
(i)	No Rezoning or similar		R 1,907.66	R 2,022.12	6.00%	R 2,143.45	6.00%	R 2,272.06	6.00%
(ii)	With Rezoning		R 1,320.68	R 1,399.92	6.00%	R 1,483.92	6.00%	R 1,572.96	6.00%
11.2.3	Advertising								
(i)	Press and / or Notices	Fixed fee plus Actual Cost	R 5,700.00	R 6,042.00	6.00%	R 6,404.52	6.00%	R 6,788.79	6.00%
11.2.4	Notification Fees								
(i)	Zoning Certificates	Per Property	R 250.00	R 265.00	6.00%	R 280.90	6.00%	R 297.75	6.00%
(ii)	Extension of validity period (LUPO)	Fixed fee plus Actual Cost	R 5,700.00	R 6,042.00	6.00%	R 6,404.52	6.00%	R 6,788.79	6.00%
(iii)	Amendment of conditions (LUPO sec 42)	Fixed fee plus Actual Cost	R 5,700.00	R 6,042.00	6.00%	R 6,404.52	6.00%	R 6,788.79	6.00%
11.2.5	Aerial Photos								
(i)	Map Compilation	Per Hour	R 223.61	R 237.03	6.00%	R 251.25	6.00%	R 266.33	6.00%
(ii)	Information Electronically	Per Disk / CD	R 118.79	R 125.92	6.00%	R 133.48	6.00%	R 141.49	6.00%
(iii)	A 4 copy	Per Page	R 13.98	R 14.82	6.01%	R 15.71	6.01%	R 16.65	5.98%
11.2.6	Building Plan Lists								
(i)	12 Months	Collected	R 492.47	R 522.02	6.00%	R 553.34	6.00%	R 586.54	6.00%
(ii)	12 Months	Faxed	R 678.81	R 719.54	6.00%	R 762.71	6.00%	R 808.47	6.00%
(iii)	Building Plan lists	Per Month	R 139.76	R 148.15	6.00%	R 157.04	6.00%	R 166.46	6.00%

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

			Current Tariffs:		Budget Year:			Budget Year + 1:			Budget Year + 2:		
	Deposits, Beaches and Cemeteries	Conditions	2012 - 2013		2013 - 2014			2014 - 2015		% Increase/ (Decrease)	2015 - 2016		% Increase/ (Decrease)
11.2.7	General fees	Any Fire, Patrol or the like											
(i)	Special Consent Use	Percentage op Property Value		0.005%		0.005%	0.00%		0.005%	0.00%		0.005%	0.00%
(i)(i)	Minimum Fee		R	570.00	R	604.20	6.00%	R	640.45	6.00%	R	678.88	6.00%
(i)(ii)	Maximum Fee		R	102,600.00	R	108,756.00	6.00%	R	115,281.36	6.00%	R	122,198.24	6.00%
(ii)	Rezoning (LUPO sec 17)	Percentage op Property Value		0.10%		0.10%	0.00%		0.10%	0.00%		0.10%	0.00%
(ii)(i)	Minimum Fee		R	570.00	R	604.20	6.00%	R	640.45	6.00%	R	678.88	6.00%
(ii)(ii)	Maximum Fee		R	102,600.00	R	108,756.00	6.00%	R	115,281.36	6.00%	R	122,198.24	6.00%
(iii)	Departure Development Parameters (LUPO sec 15(1)(a)(i)	Per Site Size (per m² per parameter)											
(iii)(i)	Minimum Fee		R	5.70	R	6.04	5.96%	R	6.40	5.96%	R	6.78	5.94%
(iii)(ii)	Maximum Fee		R	570.00	R	604.20	6.00%	R	640.45	6.00%	R	678.88	6.00%
			R	22,800.00	R	24,168.00	6.00%	R	25,618.08	6.00%	R	27,155.16	6.00%
(iv)	Departure Use (LUPO sec 15(1)(a)(ii)	Per Site Per Year											
(iv)(i)	Minimum Fee		R	5,700.00	R	6,042.00	6.00%	R	6,404.52	6.00%	R	6,788.79	6.00%
(iv)(ii)	Maximum Fee		R	5,700.00	R	6,042.00	6.00%	R	6,404.52	6.00%	R	6,788.79	6.00%
			R	57,000.00	R	60,420.00	6.00%	R	64,045.20	6.00%	R	67,887.91	6.00%
(v)	General Information	Per Hour or Part Thereof	R	118.79	R	125.92	6.00%	R	133.48	6.00%	R	141.49	6.00%
(vi)	Sensitive Coastal Area Application (No EIA)	Fixed fee plus Actual Cost	R	5,700.00	R	6,042.00	6.00%	R	6,404.52	6.00%	R	6,788.79	6.00%
(vii)	Sensitive Coastal Area Application (EIA)	Fixed fee plus Actual Cost	R	7,100.00	R	7,526.00	6.00%	R	7,977.56	6.00%	R	8,456.21	6.00%
(viii)	Consultation Fee (Registered Owner not present)	Per Hour or Part Thereof	R	223.61	R	237.03	6.00%	R	251.25	6.00%	R	266.33	6.00%
(ix)	Ad-Hoc Applications	Per Application	R	586.97	R	622.19	6.00%	R	659.52	6.00%	R	699.09	6.00%
(x)	Use / Lease / Purchase Municipal Land		R	586.97	R	622.19	6.00%	R	659.52	6.00%	R	699.09	6.00%
(xi)	Height Investigation (Surveyor's cost for Applicant)	Per Incident	R	1,397.55	R	1,481.40	6.00%	R	1,570.28	6.00%	R	1,664.50	6.00%
(xii)	Closure of Public Places and / or Street	Per Closer Site Size per m²											
(xii)(i)	Minimum Fee		R	11.40	R	12.08	5.96%	R	12.80	5.96%	R	13.57	6.02%
(xii)(ii)	Maximum Fee		R	1,710.00	R	1,812.60	6.00%	R	1,921.36	6.00%	R	2,036.64	6.00%
			R	136,800.00	R	145,008.00	6.00%	R	153,708.48	6.00%	R	162,930.99	6.00%
12	Aerodrome Fees												
12.1	Landing Fees												
12.1.1	Aircrafts (Rated according to weight of aircraft)												
(i)	0 - 500 kilograms	Per Aircraft	R	35.29	R	37.41	6.01%	R	39.65	5.99%	R	42.03	6.00%
(ii)	501 - 1000 kilograms	Per Aircraft	R	53.87	R	57.10	6.00%	R	60.53	6.01%	R	64.16	6.00%
(iii)	1001 - 1500 kilograms	Per Aircraft	R	66.92	R	70.94	6.01%	R	75.20	6.01%	R	79.71	6.00%
(iv)	1501 - 2000 kilograms	Per Aircraft	R	80.83	R	85.68	6.00%	R	90.82	6.00%	R	96.27	6.00%
(v)	2001 - 2500 kilograms	Per Aircraft	R	96.15	R	101.92	6.00%	R	108.04	6.00%	R	114.52	6.00%
(vi)	2501 - 3000 kilograms	Per Aircraft	R	109.96	R	116.56	6.00%	R	123.55	6.00%	R	130.96	6.00%
(vii)	3001 - 4000 kilograms	Per Aircraft	R	153.45	R	162.66	6.00%	R	172.42	6.00%	R	182.77	6.00%
(viii)	4001 - 5000 kilograms	Per Aircraft	R	195.81	R	207.56	6.00%	R	220.01	6.00%	R	233.21	6.00%
(ix)	5001 -6000 kilograms	Per Aircraft	R	238.61	R	252.93	6.00%	R	268.11	6.00%	R	284.20	6.00%
(x)	6001 - 7000 kilograms	Per Aircraft	R	282.77	R	299.74	6.00%	R	317.72	6.00%	R	336.78	6.00%
(xi)	7001 - 8000 kilograms	Per Aircraft	R	325.36	R	344.88	6.00%	R	365.57	6.00%	R	387.50	6.00%
(xii)	8001 - 9000 kilograms	Per Aircraft	R	366.09	R	388.06	6.00%	R	411.34	6.00%	R	436.02	6.00%
(xiii)	9001 - 10000 kilograms	Per Aircraft	R	411.18	R	435.85	6.00%	R	462.00	6.00%	R	489.72	6.00%
(xiv)	10001 - 12000 kilograms	Per Aircraft	R	473.37	R	501.77	6.00%	R	531.88	6.00%	R	563.79	6.00%
(xv)	12001 - 14000 kilograms	Per Aircraft	R	535.55	R	567.68	6.00%	R	601.74	6.00%	R	637.84	6.00%
(xvi)	14001 - 16000 kilograms	Per Aircraft	R	597.73	R	633.59	6.00%	R	671.61	6.00%	R	711.91	6.00%
(xvii)	16001 - 18000 kilograms	Per Aircraft	R	659.92	R	699.52	6.00%	R	741.49	6.00%	R	785.98	6.00%
(xviii)	18001 - 20000 kilograms	Per Aircraft	R	722.10	R	765.43	6.00%	R	811.36	6.00%	R	860.04	6.00%

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

	Deposits, Beaches and Cemeteries	Conditions	Current Tariffs:		Budget Year:			Budget Year + 1:	% Increase/ (Decrease)	Budget Year + 2:	% Increase/ (Decrease)
			2012 - 2013		2013 - 2014			2014 - 2015		2015 - 2016	
12.1.2	Helicopters (Rated according to weight of Helicopter)										
(i)	0 - 500 kilograms	Per Helicopter	R 8.66	R	9.18	6.00%	R	9.73	5.99%	R 10.31	5.96%
(ii)	501 - 1000 kilograms	Per Helicopter	R 11.94	R	12.66	6.03%	R	13.42	6.00%	R 14.23	6.04%
(iii)	1001 - 1500 kilograms	Per Helicopter	R 15.23	R	16.14	5.98%	R	17.11	6.01%	R 18.14	6.02%
(iv)	1501 - 2000 kilograms	Per Helicopter	R 18.45	R	19.56	6.02%	R	20.73	5.98%	R 21.97	5.98%
(v)	2001 - 2500 kilograms	Per Helicopter	R 21.73	R	23.03	5.98%	R	24.41	5.99%	R 25.87	5.98%
(vi)	2501 - 3000 kilograms	Per Helicopter	R 25.05	R	26.55	5.99%	R	28.14	5.99%	R 29.83	6.01%
(vii)	3001 - 4000 kilograms	Per Helicopter	R 34.98	R	37.08	6.00%	R	39.30	5.99%	R 41.66	6.01%
(viii)	4001 - 5000 kilograms	Per Helicopter	R 44.63	R	47.31	6.00%	R	50.15	6.00%	R 53.16	6.00%
(ix)	5001 - 6000 kilograms	Per Helicopter	R 54.39	R	57.65	5.99%	R	61.11	6.00%	R 64.78	6.01%
(x)	6001 - 7000 kilograms	Per Helicopter	R 64.45	R	68.32	6.00%	R	72.42	6.00%	R 76.77	6.01%
(xi)	7001 - 8000 kilograms	Per Helicopter	R 74.20	R	78.65	6.00%	R	83.37	6.00%	R 88.37	6.00%
(xii)	8001 - 9000 kilograms	Per Helicopter	R 83.47	R	88.48	6.00%	R	93.79	6.00%	R 99.42	6.00%
(xiii)	9001 - 10000 kilograms	Per Helicopter	R 93.78	R	99.41	6.00%	R	105.37	6.00%	R 111.69	6.00%
(xiv)	10001 - 12000 kilograms	Per Helicopter	R 107.92	R	114.40	6.00%	R	121.26	6.00%	R 128.54	6.00%
(xv)	12001 - 14000 kilograms	Per Helicopter	R 122.10	R	129.43	6.00%	R	137.20	6.00%	R 145.43	6.00%
(xvi)	14001 - 16000 kilograms	Per Helicopter	R 136.29	R	144.47	6.00%	R	153.14	6.00%	R 162.33	6.00%
(xvii)	16001 - 18000 kilograms	Per Helicopter	R 150.47	R	159.50	6.00%	R	169.07	6.00%	R 179.21	6.00%
(xviii)	18001 - 20000 kilograms	Per Helicopter	R 164.63	R	174.51	6.00%	R	184.98	6.00%	R 196.08	6.00%
12.2	Parking Fees (Levied After First 4 Hours for Each 24Hour Period or Part Thereof)										
12.2.1	Aircrafts (Rated according to weight of aircraft)										
(i)	0 - 500 kilograms	Per Aircraft	R 24.81	R	26.30	6.01%	R	27.88	6.01%	R 29.55	5.99%
(ii)	501 - 1000 kilograms	Per Aircraft	R 51.01	R	54.07	6.00%	R	57.31	5.99%	R 60.75	6.00%
(iii)	1001 - 1500 kilograms	Per Aircraft	R 72.65	R	77.01	6.00%	R	81.63	6.00%	R 86.53	6.00%
(iv)	1501 - 2000 kilograms	Per Aircraft	R 99.73	R	105.71	6.00%	R	112.05	6.00%	R 118.77	6.00%
(v)	2001 - 2500 kilograms	Per Aircraft	R 146.87	R	155.68	6.00%	R	165.02	6.00%	R 174.92	6.00%
(vi)	2501 - 3000 kilograms	Per Aircraft	R 193.12	R	204.71	6.00%	R	216.99	6.00%	R 230.01	6.00%
(vii)	3001 - 3500 kilograms	Per Aircraft	R 243.43	R	258.04	6.00%	R	273.52	6.00%	R 289.93	6.00%
(viii)	3501 - 4000 kilograms	Per Aircraft	R 290.53	R	307.96	6.00%	R	326.44	6.00%	R 346.03	6.00%
(ix)	4001 - 4500 kilograms	Per Aircraft	R 384.33	R	407.39	6.00%	R	431.83	6.00%	R 457.74	6.00%
(x)	4501 - 5000 kilograms	Per Aircraft	R 478.36	R	507.06	6.00%	R	537.48	6.00%	R 569.73	6.00%
(xi)	5001 - 5500 kilograms	Per Aircraft	R 573.53	R	607.94	6.00%	R	644.42	6.00%	R 683.09	6.00%
(xii)	5501 - 6000 kilograms	Per Aircraft	R 721.52	R	764.81	6.00%	R	810.70	6.00%	R 859.34	6.00%
(xiii)	6001 - 6500 kilograms	Per Aircraft	R 870.64	R	922.88	6.00%	R	978.25	6.00%	R 1,036.95	6.00%

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			Current Tariffs:		Budget Year:			Budget Year + 1:		Budget Year + 2:			
	Deposits, Beaches and Cemeteries	Conditions	2012 - 2013		2013 - 2014			2014 - 2015	% Increase/ (Decrease)	2015 - 2016	% Increase/ (Decrease)		
12.2.2	Helicopters (Rated according to weight of Helicopter)												
(i)	0 - 500 kilograms	Per Helicopter	R	5.65	R	5.99	6.02%	R	6.35	6.01%	R	6.73	5.98%
(ii)	501 - 1000 kilograms	Per Helicopter	R	11.63	R	12.33	6.02%	R	13.07	6.00%	R	13.85	5.97%
(iii)	1001 - 1500 kilograms	Per Helicopter	R	16.55	R	17.54	5.98%	R	18.59	5.99%	R	19.71	6.02%
(iv)	1501 - 2000 kilograms	Per Helicopter	R	22.74	R	24.10	5.98%	R	25.55	6.02%	R	27.08	5.99%
(v)	2001 - 2500 kilograms	Per Helicopter	R	33.46	R	35.47	6.01%	R	37.60	6.01%	R	39.86	6.01%
(vi)	2501 - 3000 kilograms	Per Helicopter	R	44.07	R	46.71	5.99%	R	49.51	5.99%	R	52.48	6.00%
(vii)	3001 - 3500 kilograms	Per Helicopter	R	55.48	R	58.81	6.00%	R	62.34	6.00%	R	66.08	6.00%
(viii)	3501 - 4000 kilograms	Per Helicopter	R	66.23	R	70.20	5.99%	R	74.41	6.00%	R	78.87	5.99%
(ix)	4001 - 4500 kilograms	Per Helicopter	R	87.63	R	92.89	6.00%	R	98.46	6.00%	R	104.37	6.00%
(x)	4501 - 5000 kilograms	Per Helicopter	R	109.05	R	115.59	6.00%	R	122.53	6.00%	R	129.88	6.00%
(xi)	5001 - 5500 kilograms	Per Helicopter	R	130.77	R	138.62	6.00%	R	146.94	6.00%	R	155.76	6.00%
(xii)	5501 - 6000 kilograms	Per Helicopter	R	164.49	R	174.36	6.00%	R	184.82	6.00%	R	195.91	6.00%
(xiii)	6001 - 6500 kilograms	Per Helicopter	R	198.49	R	210.40	6.00%	R	223.02	6.00%	R	236.40	6.00%
12.3	Other Fees												
(i)	Passenger Fees	Per Passenger	R	59.19	R	62.74	6.00%	R	66.50	5.99%	R	70.49	6.00%
(ii)	Hanger Fees	Per m² of Building	R	1.54	R	1.63	5.84%	R	1.73	6.13%	R	1.83	5.78%
(iii)	Office Rental		As Determined By Council From Time to Time		As Determined By Council From Time to Time			As Determined By Council From Time to Time			As Determined By Council From Time to Time		
(iv)	Call-Outs												
(iv)(i)	Surcharge	Per Call-out	R	184.48	R	195.55	6.00%	R	207.28	6.00%	R	219.72	6.00%
(iv)(ii)	Fire Service	Per Call-out	R	1,677.06	R	1,777.68	6.00%	R	1,884.34	6.00%	R	1,997.40	6.00%
(iv)(iii)	GPU	Per Call-out	R	503.12	R	533.31	6.00%	R	565.31	6.00%	R	599.23	6.00%
13	Community Halls												
13.1	Piesang Valley Community Hall Tariffs												
13.1.1	Socials and Conferences												
13.1.1.1	Rebate												
(i)	Applicable to (i) Cultural / Educational / Welfare / Service and Non-Profit Organisations, (ii) Churches, (iii) Voortrekkers, (iv) Scouts, (v) Girl Guides, (vi) Widows and Orphans Funds, (vii) Sport Clubs and (viii) Municipal, Provincial and State Institutions when hiring this facilitv.	A Rebate of		50.00%		50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(ii)	Written Applications for a further rebate from Organisations as mentioned above will be considered on merit.												

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

			Current Tariffs:		Budget Year:			Budget Year + 1:			Budget Year + 2:		
	Deposits, Beaches and Cemeteries	Conditions	2012 - 2013		2013 - 2014			2014 - 2015		% Increase/ (Decrease)	2015 - 2016		% Increase/ (Decrease)
13.1.1.2 Weekdays													
13.1.1.2.1 Hall Only													
(i)	Hourly (Weekdays Only)	Per Function	R	68.61	R	72.73	6.00%	R	77.09	5.99%	R	81.72	6.01%
(ii)	Morning (08:00 - 12:00)	Per Function	R	246.99	R	261.81	6.00%	R	277.52	6.00%	R	294.17	6.00%
(iii)	Afternoon (13:00 - 18:00)	Per Function	R	246.99	R	261.81	6.00%	R	277.52	6.00%	R	294.17	6.00%
(iv)	Day (08:00 - 18:00)	Per Function	R	343.04	R	363.62	6.00%	R	385.44	6.00%	R	408.57	6.00%
(v)	Evening (18:00 - 00:00)	Per Function	R	480.25	R	509.07	6.00%	R	539.61	6.00%	R	571.99	6.00%
(vi)	Day & Evening (08:00 - 00:00)	Per Function	R	686.07	R	727.23	6.00%	R	770.86	6.00%	R	817.11	6.00%
(vii)	Damages Deposit (Refundable after Deduction of Damages)	Percentage op Tariff		50.00%		50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(viii)	Late Levy (Applied 30 minutes past expiry time as indicated above)	Per Hour or Part Thereof	R	250.00	R	265.00	6.00%	R	280.90	6.00%	R	297.75	6.00%
13.1.1.2.2 Hall & Kitchen													
(i)	Hourly (Weekdays Only)	Per Function	R	68.61	R	72.73	6.00%	R	77.09	5.99%	R	81.72	6.01%
(ii)	Morning (08:00 - 12:00)	Per Function	R	315.59	R	334.53	6.00%	R	354.60	6.00%	R	375.88	6.00%
(iii)	Afternoon (13:00 - 18:00)	Per Function	R	315.59	R	334.53	6.00%	R	354.60	6.00%	R	375.88	6.00%
(iv)	Day (08:00 - 18:00)	Per Function	R	411.64	R	436.34	6.00%	R	462.52	6.00%	R	490.27	6.00%
(v)	Evening (18:00 - 00:00)	Per Function	R	548.86	R	581.79	6.00%	R	616.70	6.00%	R	653.70	6.00%
(vi)	Day & Evening (08:00 - 00:00)	Per Function	R	754.68	R	799.96	6.00%	R	847.96	6.00%	R	898.84	6.00%
(vii)	Damages Deposit (Refundable after Deduction of Damages)	Percentage op Tariff		50.00%		50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(viii)	Late Levy (Applied 30 minutes past expiry time as indicated above)	Per Hour or Part Thereof	R	250.00	R	265.00	6.00%	R	280.90	6.00%	R	297.75	6.00%
13.1.1.3 Saturday, Sunday and Public Holidays													
13.1.1.3.1 Hall Only													
(i)	Hourly (Weekdays Only)	Per Function	R	82.33	R	87.27	6.00%	R	92.51	6.00%	R	98.06	6.00%
(ii)	Morning (08:00 - 12:00)	Per Function	R	343.04	R	363.62	6.00%	R	385.44	6.00%	R	408.57	6.00%
(iii)	Afternoon (13:00 - 18:00)	Per Function	R	343.04	R	363.62	6.00%	R	385.44	6.00%	R	408.57	6.00%
(iv)	Day (08:00 - 18:00)	Per Function	R	480.25	R	509.07	6.00%	R	539.61	6.00%	R	571.99	6.00%
(v)	Evening (18:00 - 00:00)	Per Function	R	686.07	R	727.23	6.00%	R	770.86	6.00%	R	817.11	6.00%
(vi)	Day & Evening (08:00 - 00:00)	Per Function	R	1,029.11	R	1,090.86	6.00%	R	1,156.31	6.00%	R	1,225.69	6.00%
(vii)	Damages Deposit (Refundable after Deduction of Damages)	Percentage op Tariff		50.00%		50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(viii)	Late Levy (Applied 30 minutes past expiry time as indicated above)	Per Hour or Part Thereof	R	250.00	R	265.00	6.00%	R	280.90	6.00%	R	297.75	6.00%
13.1.1.3.2 Hall & Kitchen													
(i)	Hourly (Weekdays Only)	Per Function	R	82.33	R	87.27	6.00%	R	92.51	6.00%	R	98.06	6.00%
(ii)	Morning (08:00 - 12:00)	Per Function	R	411.64	R	436.34	6.00%	R	462.52	6.00%	R	490.27	6.00%
(iii)	Afternoon (13:00 - 18:00)	Per Function	R	411.64	R	436.34	6.00%	R	462.52	6.00%	R	490.27	6.00%
(iv)	Day (08:00 - 18:00)	Per Function	R	548.86	R	581.79	6.00%	R	616.70	6.00%	R	653.70	6.00%
(v)	Evening (18:00 - 00:00)	Per Function	R	754.68	R	799.96	6.00%	R	847.96	6.00%	R	898.84	6.00%
(vi)	Day & Evening (08:00 - 00:00)	Per Function	R	1,097.71	R	1,163.57	6.00%	R	1,233.38	6.00%	R	1,307.38	6.00%
(vii)	Damages Deposit (Refundable after Deduction of Damages)	Percentage op Tariff		50.00%		50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(viii)	Late Levy (Applied 30 minutes past expiry time as indicated above)	Per Hour or Part Thereof	R	250.00	R	265.00	6.00%	R	280.90	6.00%	R	297.75	6.00%

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

	Deposits, Beaches and Cemeteries	Conditions	Current Tariffs:		Budget Year:		Budget Year + 1:	% Increase/ (Decrease)	Budget Year + 2:	% Increase/ (Decrease)
			2012 - 2013	2013 - 2014		2014 - 2015			2015 - 2016	
13.1.2 Performances										
13.1.2.1 Rebate on tariffs below										
(i) Applicable to (i) Cultural / Educational / Welfare / Service and Non-Profit Organisations, (ii) Churches, (iii) Voortrekkers, (iv) Scouts, (v) Girl Guides, (vi) Widows and Orphans Funds, (vii) Sport Clubs and (viii) Municipal, Provincial and State Institutions when hiring this facility.	A Rebate of		50.00%	50.00%	0.00%	50.00%	0.00%	50.00%	0.00%	
(ii) Written Applications for a further rebate from Organisations as mentioned above will be considered on merit.										
13.1.2.2 Weekdays										
13.1.2.2.1 Hall Only										
(i) Hourly (Weekdays Only)	Per Function	R	68.61	R 72.73	6.00%	R 77.09	5.99%	R 81.72	6.01%	
(ii) Morning (08:00 - 12:00)	Per Function	R	274.43	R 290.90	6.00%	R 308.35	6.00%	R 326.85	6.00%	
(iii) Afternoon (13:00 - 18:00)	Per Function	R	274.43	R 290.90	6.00%	R 308.35	6.00%	R 326.85	6.00%	
(iv) Day (08:00 - 18:00)	Per Function	R	384.20	R 407.25	6.00%	R 431.69	6.00%	R 457.59	6.00%	
(v) Evening (18:00 - 00:00)	Per Function	R	439.08	R 465.42	6.00%	R 493.35	6.00%	R 522.95	6.00%	
(vi) Day & Evening (08:00 - 00:00)	Per Function	R	617.46	R 654.51	6.00%	R 693.78	6.00%	R 735.41	6.00%	
(vii) Damages Deposit (Refundable after Deduction of Damages)	Percentage op Tariff		50.00%	50.00%	0.00%	50.00%	0.00%	50.00%	0.00%	
(viii) Late Levy (Applied 30 minutes past expiry time as indicated above)	Per Hour or Part Thereof	R	250.00	R 265.00	6.00%	R 280.90	6.00%	R 297.75	6.00%	
13.1.2.2.2 Hall & Kitchen										
(i) Hourly (Weekdays Only)	Per Function	R	68.61	R 72.73	6.00%	R 77.09	5.99%	R 81.72	6.01%	
(ii) Morning (08:00 - 12:00)	Per Function	R	343.04	R 363.62	6.00%	R 385.44	6.00%	R 408.57	6.00%	
(iii) Afternoon (13:00 - 18:00)	Per Function	R	343.04	R 363.62	6.00%	R 385.44	6.00%	R 408.57	6.00%	
(iv) Day (08:00 - 18:00)	Per Function	R	439.08	R 465.42	6.00%	R 493.35	6.00%	R 522.95	6.00%	
(v) Evening (18:00 - 00:00)	Per Function	R	507.69	R 538.15	6.00%	R 570.44	6.00%	R 604.67	6.00%	
(vi) Day & Evening (08:00 - 00:00)	Per Function	R	686.07	R 727.23	6.00%	R 770.86	6.00%	R 817.11	6.00%	
(vii) Damages Deposit (Refundable after Deduction of Damages)	Percentage op Tariff		50.00%	50.00%	0.00%	50.00%	0.00%	50.00%	0.00%	
(viii) Late Levy (Applied 30 minutes past expiry time as indicated above)	Per Hour or Part Thereof	R	250.00	R 265.00	6.00%	R 280.90	6.00%	R 297.75	6.00%	
13.1.2.3 Saturday, Sunday and Public Holidays										
13.1.2.3.1 Hall Only										
(i) Hourly (Weekdays Only)	Per Function	R	82.33	R 87.27	6.00%	R 92.51	6.00%	R 98.06	6.00%	
(ii) Morning (08:00 - 12:00)	Per Function	R	384.20	R 407.25	6.00%	R 431.69	6.00%	R 457.59	6.00%	
(iii) Afternoon (13:00 - 18:00)	Per Function	R	384.20	R 407.25	6.00%	R 431.69	6.00%	R 457.59	6.00%	
(iv) Day (08:00 - 18:00)	Per Function	R	480.25	R 509.07	6.00%	R 539.61	6.00%	R 571.99	6.00%	
(v) Evening (18:00 - 00:00)	Per Function	R	548.86	R 581.79	6.00%	R 616.70	6.00%	R 653.70	6.00%	
(vi) Day & Evening (08:00 - 00:00)	Per Function	R	686.07	R 727.23	6.00%	R 770.86	6.00%	R 817.11	6.00%	
(vii) Damages Deposit (Refundable after Deduction of Damages)	Percentage op Tariff		50.00%	50.00%	0.00%	50.00%	0.00%	50.00%	0.00%	
(viii) Late Levy (Applied 30 minutes past expiry time as indicated above)	Per Hour or Part Thereof	R	250.00	R 265.00	6.00%	R 280.90	6.00%	R 297.75	6.00%	

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	Deposits, Beaches and Cemeteries	Conditions	Current Tariffs:		Budget Year:			Budget Year + 1:	% Increase/ (Decrease)	Budget Year + 2:	% Increase/ (Decrease)
			2012 - 2013	2013 - 2014			2014 - 2015			2015 - 2016	
13.1.2.3.2 Hall & Kitchen											
(i)	Hourly (Weekdays Only)	Per Function	R 82.33	R 87.27	6.00%	R	92.51	6.00%	R	98.06	6.00%
(ii)	Morning (08:00 - 12:00)	Per Function	R 439.08	R 465.42	6.00%	R	493.35	6.00%	R	522.95	6.00%
(iii)	Afternoon (13:00 - 18:00)	Per Function	R 439.08	R 465.42	6.00%	R	493.35	6.00%	R	522.95	6.00%
(iv)	Day (08:00 - 18:00)	Per Function	R 548.86	R 581.79	6.00%	R	616.70	6.00%	R	653.70	6.00%
(v)	Evening (18:00 - 00:00)	Per Function	R 617.46	R 654.51	6.00%	R	693.78	6.00%	R	735.41	6.00%
(vi)	Day & Evening (08:00 - 00:00)	Per Function	R 754.68	R 799.96	6.00%	R	847.96	6.00%	R	898.84	6.00%
(vii)	Damages Deposit (Refundable after Deduction of Damages)	Percentage op Tariff	50.00%	50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(viii)	Late Levy (Applied 30 minutes past expiry time as indicated above)	Per Hour or Part Thereof	R 250.00	R 265.00	6.00%	R	280.90	6.00%	R	297.75	6.00%
13.1.3 Receptions											
13.1.3.1 Rebate on tariffs below											
(i)	Applicable to (i) Cultural / Educational / Welfare / Service and Non-Profit Organisations, (ii) Churches, (iii) Voortrekkers, (iv) Scouts, (v) Girl Guides, (vi) Widows and Orphans Funds, (vii) Sport Clubs and (viii) Municipal, Provincial and State Institutions when hiring this facility.	A Rebate of	50.00%	50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(ii)	Written Applications for a further rebate from Organisations as mentioned above will be considered on merit.										
13.1.3.2 Weekdays											
13.1.3.2.1 Hall Only											
(i)	Hourly (Weekdays Only)	Per Function	R 68.61	R 72.73	6.00%	R	77.09	5.99%	R	81.72	6.01%
(ii)	Morning (08:00 - 12:00)	Per Function	R 343.04	R 363.62	6.00%	R	385.44	6.00%	R	408.57	6.00%
(iii)	Afternoon (13:00 - 18:00)	Per Function	R 343.04	R 363.62	6.00%	R	385.44	6.00%	R	408.57	6.00%
(iv)	Day (08:00 - 18:00)	Per Function	R 480.25	R 509.07	6.00%	R	539.61	6.00%	R	571.99	6.00%
(v)	Evening (18:00 - 00:00)	Per Function	R 617.46	R 654.51	6.00%	R	693.78	6.00%	R	735.41	6.00%
(vi)	Day & Evening (08:00 - 00:00)	Per Function	R 754.68	R 799.96	6.00%	R	847.96	6.00%	R	898.84	6.00%
(vii)	Damages Deposit (Refundable after Deduction of Damages)	Percentage op Tariff	50.00%	50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(viii)	Late Levy (Applied 30 minutes past expiry time as indicated above)	Per Hour or Part Thereof	R 250.00	R 265.00	6.00%	R	280.90	6.00%	R	297.75	6.00%
13.1.3.2.2 Hall & Kitchen											
(i)	Hourly (Weekdays Only)	Per Function	R 68.61	R 72.73	6.00%	R	77.09	5.99%	R	81.72	6.01%
(ii)	Morning (08:00 - 12:00)	Per Function	R 411.64	R 436.34	6.00%	R	462.52	6.00%	R	490.27	6.00%
(iii)	Afternoon (13:00 - 18:00)	Per Function	R 411.64	R 436.34	6.00%	R	462.52	6.00%	R	490.27	6.00%
(iv)	Day (08:00 - 18:00)	Per Function	R 548.86	R 581.79	6.00%	R	616.70	6.00%	R	653.70	6.00%
(v)	Evening (18:00 - 00:00)	Per Function	R 686.07	R 727.23	6.00%	R	770.86	6.00%	R	817.11	6.00%
(vi)	Day & Evening (08:00 - 00:00)	Per Function	R 823.28	R 872.68	6.00%	R	925.04	6.00%	R	980.54	6.00%
(vii)	Damages Deposit (Refundable after Deduction of Damages)	Percentage op Tariff	50.00%	50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(viii)	Late Levy (Applied 30 minutes past expiry time as indicated above)	Per Hour or Part Thereof	R 250.00	R 265.00	6.00%	R	280.90	6.00%	R	297.75	6.00%
13.1.3.3 Saturday, Sunday and Public Holidays											

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			Current Tariffs:		Budget Year:			Budget Year + 1:		Budget Year + 2:			
	Deposits, Beaches and Cemeteries	Conditions	2012 - 2013		2013 - 2014			2014 - 2015	% Increase/ (Decrease)	2015 - 2016	% Increase/ (Decrease)		
13.1.3.3.1 Hall Only													
(i)	Hourly (Weekdays Only)	Per Function	R	82.33	R	87.27	6.00%	R	92.51	6.00%	R	98.06	6.00%
(ii)	Morning (08:00 - 12:00)	Per Function	R	480.25	R	509.07	6.00%	R	539.61	6.00%	R	571.99	6.00%
(iii)	Afternoon (13:00 - 18:00)	Per Function	R	480.25	R	509.07	6.00%	R	539.61	6.00%	R	571.99	6.00%
(iv)	Day (08:00 - 18:00)	Per Function	R	617.46	R	654.51	6.00%	R	693.78	6.00%	R	735.41	6.00%
(v)	Evening (18:00 - 00:00)	Per Function	R	754.68	R	799.96	6.00%	R	847.96	6.00%	R	898.84	6.00%
(vi)	Day & Evening (08:00 - 00:00)	Per Function	R	891.89	R	945.40	6.00%	R	1,002.12	6.00%	R	1,062.25	6.00%
(vii)	Damages Deposit (Refundable after Deduction of Damages)	Percentage op Tariff		50.00%		50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(viii)	Late Levy (Applied 30 minutes past expiry time as indicated above)	Per Hour or Part Thereof	R	250.00	R	265.00	6.00%	R	280.90	6.00%	R	297.75	6.00%
13.1.3.3.2 Hall & Kitchen													
(i)	Hourly (Weekdays Only)	Per Function	R	82.33	R	87.27	6.00%	R	92.51	6.00%	R	98.06	6.00%
(ii)	Morning (08:00 - 12:00)	Per Function	R	548.86	R	581.79	6.00%	R	616.70	6.00%	R	653.70	6.00%
(iii)	Afternoon (13:00 - 18:00)	Per Function	R	548.86	R	581.79	6.00%	R	616.70	6.00%	R	653.70	6.00%
(iv)	Day (08:00 - 18:00)	Per Function	R	686.07	R	727.23	6.00%	R	770.86	6.00%	R	817.11	6.00%
(v)	Evening (18:00 - 00:00)	Per Function	R	823.28	R	872.68	6.00%	R	925.04	6.00%	R	980.54	6.00%
(vi)	Day & Evening (08:00 - 00:00)	Per Function	R	960.50	R	1,018.13	6.00%	R	1,079.22	6.00%	R	1,143.97	6.00%
(vii)	Damages Deposit (Refundable after Deduction of Damages)	Percentage op Tariff		50.00%		50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(viii)	Late Levy (Applied 30 minutes past expiry time as indicated above)	Per Hour or Part Thereof	R	250.00	R	265.00	6.00%	R	280.90	6.00%	R	297.75	6.00%
13.1.4 Political													
13.1.4.1 Rebate on tariffs below													
(i)	Applicable to (i) Cultural / Educational / Welfare / Service and Non-Profit Organisations, (ii) Churches, (iii) Voortrekkers, (iv) Scouts, (v) Girl Guides, (vi) Widows and Orphans Funds, (vii) Sport Clubs and (viii) Municipal, Provincial and State Institutions when hiring this facilitv.	A Rebate of		50.00%		50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(ii)	Written Applications for a further rebate from Organisations as mentioned above will be considered on merit.												
13.1.4.2 Weekdays													
13.1.4.2.1 Hall Only													
(i)	Hourly (Weekdays Only)	Per Function	R	68.61	R	72.73	6.00%	R	77.09	5.99%	R	81.72	6.01%
(ii)	Morning (08:00 - 12:00)	Per Function	R	329.31	R	349.07	6.00%	R	370.01	6.00%	R	392.21	6.00%
(iii)	Afternoon (13:00 - 18:00)	Per Function	R	329.31	R	349.07	6.00%	R	370.01	6.00%	R	392.21	6.00%
(iv)	Day (08:00 - 18:00)	Per Function	R	452.81	R	479.98	6.00%	R	508.78	6.00%	R	539.31	6.00%
(v)	Evening (18:00 - 00:00)	Per Function	R	562.58	R	596.33	6.00%	R	632.11	6.00%	R	670.04	6.00%
(vi)	Day & Evening (08:00 - 00:00)	Per Function	R	850.73	R	901.77	6.00%	R	955.88	6.00%	R	1,013.23	6.00%
(vii)	Damages Deposit (Refundable after Deduction of Damages)	Percentage op Tariff		50.00%		50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(viii)	Late Levy (Applied 30 minutes past expiry time as indicated above)	Per Hour or Part Thereof	R	250.00	R	265.00	6.00%	R	280.90	6.00%	R	297.75	6.00%

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

			Current Tariffs:		Budget Year:			Budget Year + 1:		Budget Year + 2:			
	Deposits, Beaches and Cemeteries	Conditions	2012 - 2013		2013 - 2014			2014 - 2015	% Increase/ (Decrease)	2015 - 2016	% Increase/ (Decrease)		
13.1.4.2.2 Hall & Kitchen													
(i)	Hourly (Weekdays Only)	Per Function	R	68.61	R	72.73	6.00%	R	77.09	5.99%	R	81.72	6.01%
(ii)	Morning (08:00 - 12:00)	Per Function	R	391.06	R	414.52	6.00%	R	439.39	6.00%	R	465.75	6.00%
(iii)	Afternoon (13:00 - 18:00)	Per Function	R	391.06	R	414.52	6.00%	R	439.39	6.00%	R	465.75	6.00%
(iv)	Day (08:00 - 18:00)	Per Function	R	514.55	R	545.42	6.00%	R	578.15	6.00%	R	612.84	6.00%
(v)	Evening (18:00 - 00:00)	Per Function	R	617.46	R	654.51	6.00%	R	693.78	6.00%	R	735.41	6.00%
(vi)	Day & Evening (08:00 - 00:00)	Per Function	R	1,015.38	R	1,076.30	6.00%	R	1,140.88	6.00%	R	1,209.33	6.00%
(vii)	Damages Deposit (Refundable after Deduction of Damages)	Percentage op Tariff		50.00%		50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(viii)	Late Levy (Applied 30 minutes past expiry time as indicated above)	Per Hour or Part Thereof	R	250.00	R	265.00	6.00%	R	280.90	6.00%	R	297.75	6.00%
13.1.4.3 Saturday, Sunday and Public Holidays													
13.1.4.3.1 Hall Only													
(i)	Hourly (Weekdays Only)	Per Function	R	82.33	R	87.27	6.00%	R	92.51	6.00%	R	98.06	6.00%
(ii)	Morning (08:00 - 12:00)	Per Function	R	373.80	R	396.23	6.00%	R	420.00	6.00%	R	445.20	6.00%
(iii)	Afternoon (13:00 - 18:00)	Per Function	R	373.80	R	396.23	6.00%	R	420.00	6.00%	R	445.20	6.00%
(iv)	Day (08:00 - 18:00)	Per Function	R	511.35	R	542.03	6.00%	R	574.55	6.00%	R	609.02	6.00%
(v)	Evening (18:00 - 00:00)	Per Function	R	604.80	R	641.09	6.00%	R	679.56	6.00%	R	720.33	6.00%
(vi)	Day & Evening (08:00 - 00:00)	Per Function	R	904.05	R	958.29	6.00%	R	1,015.79	6.00%	R	1,076.74	6.00%
(vii)	Damages Deposit (Refundable after Deduction of Damages)	Percentage op Tariff		50.00%		50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(viii)	Late Levy (Applied 30 minutes past expiry time as indicated above)	Per Hour or Part Thereof	R	250.00	R	265.00	6.00%	R	280.90	6.00%	R	297.75	6.00%
13.1.4.3.2 Hall & Kitchen													
(i)	Hourly (Weekdays Only)	Per Function	R	79.36	R	84.12	6.00%	R	89.17	6.00%	R	94.52	6.00%
(ii)	Morning (08:00 - 12:00)	Per Function	R	414.75	R	439.64	6.00%	R	466.02	6.00%	R	493.98	6.00%
(iii)	Afternoon (13:00 - 18:00)	Per Function	R	414.75	R	439.64	6.00%	R	466.02	6.00%	R	493.98	6.00%
(iv)	Day (08:00 - 18:00)	Per Function	R	561.75	R	595.46	6.00%	R	631.19	6.00%	R	669.06	6.00%
(v)	Evening (18:00 - 00:00)	Per Function	R	667.80	R	707.87	6.00%	R	750.34	6.00%	R	795.36	6.00%
(vi)	Day & Evening (08:00 - 00:00)	Per Function	R	1,059.45	R	1,123.02	6.00%	R	1,190.40	6.00%	R	1,261.82	6.00%
(vii)	Damages Deposit (Refundable after Deduction of Damages)	Percentage op Tariff		50.00%		50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(viii)	Late Levy (Applied 30 minutes past expiry time as indicated above)	Per Hour or Part Thereof	R	250.00	R	265.00	6.00%	R	280.90	6.00%	R	297.75	6.00%
13.2 New Horizons & Kwanokuthula Community Halls Tariffs													
13.2.1 All Functions													
13.2.1.1 Rebate													
(i)	Applicable to (i) Cultural / Educational / Welfare / Service and Non-Profit Organisations, (ii) Churches, (iii) Voortrekkers, (iv) Scouts, (v) Girl Guides, (vi) Widows and Orphans Funds, (vii) Sport Clubs and (viii) Municipal, Provincial and State Institutions when hiring this facilitv.	A Rebate of		50.00%		50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(ii)	Written Applications for a further rebate from Organisations as mentioned above will be considered on merit.												

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	Deposits, Beaches and Cemeteries	Conditions	Current Tariffs:		Budget Year:			Budget Year + 1:		% Increase/ (Decrease)	Budget Year + 2:		% Increase/ (Decrease)
			2012 - 2013		2013 - 2014			2014 - 2015			2015 - 2016		
13.2.1.2 Weekdays													
13.2.1.2.1 Hall Only													
(i)	Hourly (Weekdays Only)	Per Function	R	13.98	R	14.82	6.01%	R	15.71	6.01%	R	16.65	5.98%
(ii)	Morning (08:00 - 12:00)	Per Function	R	97.83	R	103.70	6.00%	R	109.92	6.00%	R	116.52	6.00%
(iii)	Afternoon (13:00 - 18:00)	Per Function	R	97.83	R	103.70	6.00%	R	109.92	6.00%	R	116.52	6.00%
(iv)	Day (08:00 - 18:00)	Per Function	R	111.80	R	118.51	6.00%	R	125.62	6.00%	R	133.16	6.00%
(v)	Evening (18:00 - 00:00)	Per Function	R	111.80	R	118.51	6.00%	R	125.62	6.00%	R	133.16	6.00%
(vi)	Day & Evening (08:00 - 00:00)	Per Function	R	139.76	R	148.15	6.00%	R	157.04	6.00%	R	166.46	6.00%
(vii)	Damages Deposit (Refundable after Deduction of Damages)	Percentage op Tariff		50.00%		50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(viii)	Late Levy (Applied 30 minutes past expiry time as indicated above)	Per Hour or Part Thereof	R	100.00	R	106.00	6.00%	R	112.36	6.00%	R	119.10	6.00%
13.2.1.2.2 Hall & Kitchen													
(i)	Hourly (Weekdays Only)	Per Function	R	27.95	R	29.63	6.01%	R	31.41	6.01%	R	33.29	5.99%
(ii)	Morning (08:00 - 12:00)	Per Function	R	125.78	R	133.33	6.00%	R	141.33	6.00%	R	149.81	6.00%
(iii)	Afternoon (13:00 - 18:00)	Per Function	R	125.78	R	133.33	6.00%	R	141.33	6.00%	R	149.81	6.00%
(iv)	Day (08:00 - 18:00)	Per Function	R	153.73	R	162.95	6.00%	R	172.73	6.00%	R	183.09	6.00%
(v)	Evening (18:00 - 00:00)	Per Function	R	153.73	R	162.95	6.00%	R	172.73	6.00%	R	183.09	6.00%
(vi)	Day & Evening (08:00 - 00:00)	Per Function	R	181.68	R	192.58	6.00%	R	204.13	6.00%	R	216.38	6.00%
(vii)	Damages Deposit (Refundable after Deduction of Damages)	Percentage op Tariff		50.00%		50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(viii)	Late Levy (Applied 30 minutes past expiry time as indicated above)	Per Hour or Part Thereof	R	100.00	R	106.00	6.00%	R	112.36	6.00%	R	119.10	6.00%
13.2.1.3 Saturday, Sunday and Public Holidays													
13.2.1.3.1 Hall Only													
(i)	Hourly (Weekdays Only)	Per Function	R	27.95	R	29.63	6.01%	R	31.41	6.01%	R	33.29	5.99%
(ii)	Morning (08:00 - 12:00)	Per Function	R	111.80	R	118.51	6.00%	R	125.62	6.00%	R	133.16	6.00%
(iii)	Afternoon (13:00 - 18:00)	Per Function	R	111.80	R	118.51	6.00%	R	125.62	6.00%	R	133.16	6.00%
(iv)	Day (08:00 - 18:00)	Per Function	R	125.78	R	133.33	6.00%	R	141.33	6.00%	R	149.81	6.00%
(v)	Evening (18:00 - 00:00)	Per Function	R	125.78	R	133.33	6.00%	R	141.33	6.00%	R	149.81	6.00%
(vi)	Day & Evening (08:00 - 00:00)	Per Function	R	167.71	R	177.77	6.00%	R	188.44	6.00%	R	199.75	6.00%
(vii)	Damages Deposit (Refundable after Deduction of Damages)	Percentage op Tariff		50.00%		50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(viii)	Late Levy (Applied 30 minutes past expiry time as indicated above)	Per Hour or Part Thereof	R	100.00000	R	106.00000	6.00%	R	112.36000	6.00%	R	119.10000	6.00%
13.2.1.3.2 Hall & Kitchen													
(i)	Hourly (Weekdays Only)	Per Function	R	41.93	R	44.45	6.01%	R	47.12	6.01%	R	49.95	6.01%
(ii)	Morning (08:00 - 12:00)	Per Function	R	146.74	R	155.54	6.00%	R	164.87	6.00%	R	174.76	6.00%
(iii)	Afternoon (13:00 - 18:00)	Per Function	R	146.74	R	155.54	6.00%	R	164.87	6.00%	R	174.76	6.00%
(iv)	Day (08:00 - 18:00)	Per Function	R	181.68	R	192.58	6.00%	R	204.13	6.00%	R	216.38	6.00%
(v)	Evening (18:00 - 00:00)	Per Function	R	181.68	R	192.58	6.00%	R	204.13	6.00%	R	216.38	6.00%
(vi)	Day & Evening (08:00 - 00:00)	Per Function	R	209.63	R	222.21	6.00%	R	235.54	6.00%	R	249.67	6.00%
(vii)	Damages Deposit (Refundable after Deduction of Damages)	Percentage op Tariff		50.00%		50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(viii)	Late Levy (Applied 30 minutes past expiry time as indicated above)	Per Hour or Part Thereof	R	100.00	R	106.00	6.00%	R	112.36	6.00%	R	119.10	6.00%

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

			Current Tariffs:		Budget Year:			Budget Year + 1:		Budget Year + 2:			
	Deposits, Beaches and Cemeteries	Conditions	2012 - 2013		2013 - 2014			2014 - 2015	% Increase/ (Decrease)	2015 - 2016	% Increase/ (Decrease)		
13.3	Green Valley, Kurland, Kranshoek & Qolweni Community Halls Tariffs												
13.3.1	All Functions												
13.3.1.1	Rebate												
(i)	Applicable to (i) Cultural / Educational / Welfare / Service and Non-Profit Organisations, (ii) Churches, (iii) Voortrekkers, (iv) Scouts, (v) Girl Guides, (vi) Widows and Orphans Funds, (vii) Sport Clubs and (viii) Municipal, Provincial and State Institutions when hiring this facilitv.	A Rebate of	50.00%		50.00%		0.00%	50.00%	0.00%	50.00%	0.00%		
(ii)	Written Applications for a further rebate from Organisations as mentioned above will be considered on merit.												
13.3.1.2	Weekdays												
13.3.1.2.1	Hall Only												
(i)	Hourly (Weekdays Only)	Per Function	R	13.98	R	14.82	6.01%	R	15.71	6.01%	R	16.65	5.98%
(ii)	Morning (08:00 - 12:00)	Per Function	R	69.88	R	74.07	6.00%	R	78.51	5.99%	R	83.22	6.00%
(iii)	Afternoon (13:00 - 18:00)	Per Function	R	69.88	R	74.07	6.00%	R	78.51	5.99%	R	83.22	6.00%
(iv)	Day (08:00 - 18:00)	Per Function	R	83.85	R	88.88	6.00%	R	94.21	6.00%	R	99.86	6.00%
(v)	Evening (18:00 - 00:00)	Per Function	R	83.85	R	88.88	6.00%	R	94.21	6.00%	R	99.86	6.00%
(vi)	Day & Evening (08:00 - 00:00)	Per Function	R	111.80	R	118.51	6.00%	R	125.62	6.00%	R	133.16	6.00%
(vii)	Damages Deposit (Refundable after Deduction of Damages)	Percentage op Tariff		50.00%		50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(viii)	Late Levy (Applied 30 minutes past expiry time as indicated above)	Per Hour or Part Thereof	R	100.00	R	106.00	6.00%	R	112.36	6.00%	R	119.10	6.00%
13.3.1.3	Saturday, Sunday and Public Holidays												
13.3.1.3.1	Hall Only												
(i)	Hourly (Weekdays Only)	Per Function	R	20.96	R	22.22	6.01%	R	23.55	5.99%	R	24.96	5.99%
(ii)	Morning (08:00 - 12:00)	Per Function	R	83.85	R	88.88	6.00%	R	94.21	6.00%	R	99.86	6.00%
(iii)	Afternoon (13:00 - 18:00)	Per Function	R	83.85	R	88.88	6.00%	R	94.21	6.00%	R	99.86	6.00%
(iv)	Day (08:00 - 18:00)	Per Function	R	111.80	R	118.51	6.00%	R	125.62	6.00%	R	133.16	6.00%
(v)	Evening (18:00 - 00:00)	Per Function	R	139.76	R	148.15	6.00%	R	157.04	6.00%	R	166.46	6.00%
(vi)	Day & Evening (08:00 - 00:00)	Per Function	R	209.63	R	222.21	6.00%	R	235.54	6.00%	R	249.67	6.00%
(vii)	Damages Deposit (Refundable after Deduction of Damages)	Percentage op Tariff		50.00%		50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(viii)	Late Levy (Applied 30 minutes past expiry time as indicated above)	Per Hour or Part Thereof	R	100.00	R	106.00	6.00%	R	112.36	6.00%	R	119.10	6.00%
14	Rugbyfield Tariffs												
14.1	Socials												
14.1.1	Weekdays												
14.1.1.1	Hall Only												
(i)	Hourly (Weekdays Only)	Per Function	R	48.28	R	51.18	6.01%	R	54.25	6.00%	R	57.51	6.01%
(ii)	Morning (08:00 - 12:00)	Per Function	R	190.58	R	202.01	6.00%	R	214.13	6.00%	R	226.98	6.00%
(iii)	Afternoon (13:00 - 18:00)	Per Function	R	190.58	R	202.01	6.00%	R	214.13	6.00%	R	226.98	6.00%
(iv)	Day (08:00 - 18:00)	Per Function	R	444.68	R	471.36	6.00%	R	499.64	6.00%	R	529.62	6.00%
(v)	Evening (18:00 - 00:00)	Per Function	R	444.68	R	471.36	6.00%	R	499.64	6.00%	R	529.62	6.00%
(vi)	Day & Evening (08:00 - 00:00)	Per Function	R	444.68	R	471.36	6.00%	R	499.64	6.00%	R	529.62	6.00%
(vii)	Damages Deposit (Refundable after Deduction of Damages)	Percentage op Tariff		50.00%		50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(viii)	Late Levy (Applied 30 minutes past expiry time as indicated above)	Per Hour or Part Thereof	R	250.00	R	265.00	6.00%	R	280.90	6.00%	R	297.75	6.00%

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			Current Tariffs:		Budget Year:			Budget Year + 1:		Budget Year + 2:			
	Deposits, Beaches and Cemeteries	Conditions	2012 - 2013		2013 - 2014			2014 - 2015	% Increase/ (Decrease)	2015 - 2016	% Increase/ (Decrease)		
14.1.2	Saturday, Sunday and Public Holidays												
14.1.2.1	Hall Only												
(i)	Hourly (Weekdays Only)	Per Function	R	58.42	R	61.93	6.01%	R	65.65	6.01%	R	69.59	6.00%
(ii)	Morning (08:00 - 12:00)	Per Function	R	230.60	R	244.44	6.00%	R	259.11	6.00%	R	274.66	6.00%
(iii)	Afternoon (13:00 - 18:00)	Per Function	R	230.60	R	244.44	6.00%	R	259.11	6.00%	R	274.66	6.00%
(iv)	Day (08:00 - 18:00)	Per Function	R	538.06	R	570.34	6.00%	R	604.56	6.00%	R	640.83	6.00%
(v)	Evening (18:00 - 00:00)	Per Function	R	538.06	R	570.34	6.00%	R	604.56	6.00%	R	640.83	6.00%
(vi)	Day & Evening (08:00 - 00:00)	Per Function	R	538.06	R	570.34	6.00%	R	604.56	6.00%	R	640.83	6.00%
(vii)	Damages Deposit (Refundable after Deduction of Damages)	Percentage op Tariff		50.00%		50.00%	0.00%		50.00%	0.00%		50.00%	0.00%
(viii)	Late Levy (Applied 30 minutes past expiry time as indicated above)	Per Hour or Part Thereof	R	250.00	R	265.00	6.00%	R	280.90	6.00%	R	297.75	6.00%
15	Sundry Tariffs												
15.1	Use of Fax Machine												
(i)	Incoming	Per A4 Page	R	4.19	R	4.44	5.97%	R	4.71	6.08%	R	4.99	5.94%
(ii)	Outgoing	Per A4 Page	R	4.19	R	4.44	5.97%	R	4.71	6.08%	R	4.99	5.94%
15.2	General												
(i)	Cost of Telephone Call		Telkom's Tariffs		Telkom's Tariffs			Telkom's Tariffs		Telkom's Tariffs			
(ii)	Schedule of Rates Clearance Issued		R	104.82	R	111.11	6.00%	R	117.78	6.00%	R	124.85	6.00%
(iii)	Address List	Per 20 Printed Pages	R	307.46	R	325.91	6.00%	R	345.46	6.00%	R	366.19	6.00%
(iv)	Address Labels												
(v)	Address List on CD	Per 10 Printed Sticky Label Sheets	R	461.19	R	488.86	6.00%	R	518.19	6.00%	R	549.28	6.00%
(vi)	A4 - Photostats	Per CD	R	307.46	R	325.91	6.00%	R	345.46	6.00%	R	366.19	6.00%
(vii)	A3 - Photostats	Per Page	R	5.59	R	5.93	6.08%	R	6.29	6.07%	R	6.67	6.04%
(viii)	Dog Licences	Per Page	R	6.99	R	7.41	6.01%	R	7.85	5.94%	R	8.32	5.99%
(ix)	Event Management		R	52.50	R	55.65	6.00%	R	58.99	6.00%	R	62.53	6.00%
			R	2,100.00	R	2,226.00	6.00%	R	2,359.56	6.00%	R	2,501.13	6.00%
15.3	Information To Public												
(i)	Inspection of any Deed, Document, Diagram		R	5.83	R	6.18	6.00%	R	6.55	5.99%	R	6.94	5.95%
(ii)	Rates Clearance Certificate Fees - Electronic Application	Per Application	R	57.75	R	61.22	6.01%	R	64.89	5.99%	R	68.78	5.99%
(iii)	Rates Clearance Certificate Fees - Electronic Application other than electronic	Per Application	R	175.00	R	185.50	6.00%	R	196.63	6.00%	R	208.43	6.00%
(iv)	Search of index to any account not in service register	Per Account per 10 Minutes	R	13.98	R	14.82	6.01%	R	15.71	6.01%	R	16.65	5.98%
(v)	Search of index to any account in service register	Per Account per 10 Minutes	R	13.98	R	14.82	6.01%	R	15.71	6.01%	R	16.65	5.98%
15.4	Wrong Bank Account, Wrong References an Unpaid Items												
(i)	Fee for unpaid items due to wrong bank account details, wrong reference number furnished for direct payments or internet payments, traffic fine reference used for water & Electricity accounts and "not provided for" payments.	Per Incident	R	76.87	R	81.48	6.00%	R	86.37	6.00%	R	91.55	6.00%

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

	Deposits, Beaches and Cemeteries	Conditions	Current Tariffs:		Budget Year:		Budget Year + 1:	% Increase/ (Decrease)	Budget Year + 2:	% Increase/ (Decrease)
			2012 - 2013	2013 - 2014		2014 - 2015			2015 - 2016	
15.5	Traffic Services									
15.5.1	Disable Disc									
(i)	Application	Per Application	R 42.00	R 44.52	6.00%	R 47.19	6.00%	R 50.02	6.00%	
(ii)	Issue	Per Application	R 21.00	R 22.26	6.00%	R 23.60	6.02%	R 25.02	6.02%	
15.5.2	General									
(i)	Application Fees for Events / Sports		R 1,050.00	R 1,113.00	6.00%	R 1,179.78	6.00%	R 1,250.57	6.00%	
(ii)	Impounding of Vehicle	Per Day	R 55.00	R 58.30	6.00%	R 61.80	6.00%	R 65.51	6.00%	
(iii)	Escorting of Funerals		R 210.00	R 222.60	6.00%	R 235.96	6.00%	R 250.12	6.00%	
(iv)	Escorts - Vehicles		R 210.00	R 222.60	6.00%	R 235.96	6.00%	R 250.12	6.00%	
(v)	Street Closure without Traffic Officer Assistance		R 105.00	R 111.30	6.00%	R 117.98	6.00%	R 125.06	6.00%	
(vi)	Road markings - Private Premises	Cost Plus	15.00%	15.00%	0.00%	15.00%	0.00%	15.00%	0.00%	
15.6	Vehicles									
(i)	Patrol Vehicle	Per Vehicle per Event	R 105.00	R 111.30	6.00%	R 117.98	6.00%	R 125.06	6.00%	
15.7	Rentals									
15.7.1	Dwellings									
(i)	1 Bedroom House	Per Month	R 44.72	R 47.40	5.99%	R 50.24	5.99%	R 53.25	5.99%	
(ii)	2 Bedroom House	Per Month	R 74.07	R 78.51	5.99%	R 83.22	6.00%	R 88.21	6.00%	
(iii)	3 Bedroom House	Per Month	R 96.43	R 102.22	6.00%	R 108.35	6.00%	R 114.85	6.00%	
(iv)	2 Bedroom Wooden House	Per Month	R 103.42	R 109.63	6.00%	R 116.21	6.00%	R 123.18	6.00%	
(v)	3 Bedroom Wooden House	Per Month	R 148.14	R 157.03	6.00%	R 166.45	6.00%	R 176.44	6.00%	
15.7.2	Hawker Sites									
15.7.2.1	May - October									
(i)	Taxi Rank - Shoprite	Per Month	R 52.00	R 55.12	6.00%	R 58.43	6.01%	R 61.94	6.01%	
(ii)	Beacon Way	Per Month	R 472.50	R 500.85	6.00%	R 530.90	6.00%	R 562.75	6.00%	
(iii)	Lookout & Central beach (Stalls with Access to Electricity)	Per Month	R 472.50	R 500.85	6.00%	R 530.90	6.00%	R 562.75	6.00%	
(iv)	Lookout & Central beach (Stalls without Access to Electricity)	Per Month	R 315.00	R 333.90	6.00%	R 353.93	6.00%	R 375.17	6.00%	
(v)	Kwano Taxi Rank									
(v)(i)	Open Stalls (6 Available)	Per Month	R 105.00	R 111.30	6.00%	R 117.98	6.00%	R 125.06	6.00%	
(v)(ii)	Locked Stalls (9 Available)	Per Month	R 157.50	R 166.95	6.00%	R 176.97	6.00%	R 187.59	6.00%	
15.7.2.2	November - April									
(i)	Taxi Rank - Shoprite	Per Month	R 105.00	R 111.30	6.00%	R 117.98	6.00%	R 125.06	6.00%	
(ii)	Beacon Way	Per Month	R 472.50	R 500.85	6.00%	R 530.90	6.00%	R 562.75	6.00%	
(iii)	Lookout & Central beach (Stalls with Access to Electricity)	Per Month	R 472.50	R 500.85	6.00%	R 530.90	6.00%	R 562.75	6.00%	
(iv)	Lookout & Central beach (Stalls without Access to Electricity)	Per Month	R 315.00	R 333.90	6.00%	R 353.93	6.00%	R 375.17	6.00%	
(v)	Kwano Taxi Rank									
(v)(i)	Open Stalls (6 Available)	Per Month	R 105.00	R 111.30	6.00%	R 117.98	6.00%	R 125.06	6.00%	
(v)(ii)	Locked Stalls (9 Available)	Per Month	R 157.50	R 166.95	6.00%	R 176.97	6.00%	R 187.59	6.00%	

BITOU MUNICIPALITY - PROPOSED TARIFFS: 2013 - 2014, 2014 - 2015, 2015 - 2016 FINANCIAL YEARS

	Deposits, Beaches and Cemeteries	Conditions	Current Tariffs: 2012 - 2013	Budget Year: 2013 - 2014		Budget Year + 1: 2014 - 2015	% Increase/ (Decrease)	Budget Year + 2: 2015 - 2016	% Increase/ (Decrease)
15.7.3	Other								
(i)	Beacon Island Flats: Per Room (Excluding Municipal Employees)	Per Month	R 315.00	R 333.90	6.00%	R 353.93	6.00%	R 375.17	6.00%
(ii)	New Horizons Hostel: (Services will be charged Separate)	Per Month	R 105.00	R 111.30	6.00%	R 117.98	6.00%	R 125.06	6.00%
(iii)	Garden Sites: Small Holdings	Per Month	R 258.55	R 274.06	6.00%	R 290.50	6.00%	R 307.93	6.00%
(iv)	Industrial Sites	Per Month	R 60.09	R 63.70	6.01%	R 67.52	6.00%	R 71.57	6.00%
(v)	Business Sites	Per Month	R 89.44	R 94.81	6.00%	R 100.50	6.00%	R 106.53	6.00%
(vi)	Penalty for Late Payment of Service Charges		Prime + 1 %	Prime + 1 %		Prime + 1 %		Prime + 1 %	
(vi)	Hire of Plants at Municipal Halls / Facilities		R 279.50	R 296.27	6.00%	R 314.05	6.00%	R 332.89	6.00%
(vi)	Sale of Fuel - Airport	Purchase Price of Fuel Plus		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15.8	Personnel Hourly Rate								
(i)	Supervisor			R -	0.00%	R -	0.00%	R -	0.00%
(ii)	Traffic- / Law Enforcement Officers			R -	0.00%	R -	0.00%	R -	0.00%
(iii)	Point Duty Officers			R -	0.00%	R -	0.00%	R -	0.00%



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BITOU LOCAL MUNICIPALITY

POLICY WITH REGARD TO CREDIT CONTROL AND DEBT COLLECTION

Whereas [articlesection](#) 96 of the Local Government: Municipal Systems Act No. 32 of 2000 (hereinafter referred to as the Systems Act) stipulates that a municipality must adopt, maintain and implement a credit control and debt collection policy;

And whereas [articlesection](#) 97 of the Systems Act stipulates what must be provided for in the policy;

Now therefore the Municipal Council of Bitou Local Municipality accepts the following Credit Control and Debt Collection Policy:

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BITOU LOCAL MUNICIPALITY

CREDIT CONTROL AND DEBT COLLECTION POLICY

1. DEFINITIONS

For the purposes of this policy the wording or any expression will have the same meaning as contained in the Act, accept where it is explicitly indicated otherwise and means:

- 1.1 **“occupant”** ~ any person that occupies any property or portion thereof, without taking cognisance of the capacity in which he/she occupies the property;
- 1.2 **“property”** ~ any portion of land, of which the boundary has been determined, within the jurisdiction of the municipality;
- 1.3 **“owner”** ~
 - (a) the person in whose name the title of the property is rightfully vested;
 - (b) in the case where the person in whose name the property is rightfully vested becomes insolvent or deceased, that person under who the administration or control of such a property is vested as curator, trustee, executor, rightful manager, liquidator, or any other legal representative;

- (c) in any event where the municipal council cannot determine the identity of such person, any person who may rightfully benefit from such stand or any building thereon;
- (d) in the case of a stand for which a rental agreement of 30 years or longer have been adopted, the hirer thereof;
- (e) with regard to:-
 - (i) a portion of land demarcated on a sectional title plan which is registered in terms of the Sectional Titles Act No. 95 of 1986, and without limiting the aforementioned stipulations, the developer or governing body with regard to the common property; or
 - (ii) a portion as defined in the Sectional Titles Act, the person in whose name that portion is registered in terms of a sectional title deed, including the legally appointed representative of such a person;
- (f) ~~any~~Any corporate body, including but not limited to:-
 - (i) ~~a~~A company registered in terms of the Companies Act No. 61 of 1973, a trust *inter vivos*, trust *mortis causa*, a close corporation registered in terms of the Close Corporations Act No. 69 of 1984, and a Voluntary Association;
 - (ii) ~~any~~Any local-, provincial-, or national authority;
 - (iii) any council or governing body instituted in terms of any legislation enforceable in the Republic of South Africa; and
 - (iv) any embassy or other international entity;

1.4 **“rightful representative”** ~ the person or organisation legally appointed by the municipal council to act on behalf of the municipal council or to perform a duty on behalf of the municipal council;

- 1.5 **“Chief Financial Officer”** ~ the person, appointed by the municipal council, in control of the finances regardless of the title attached to the post;
- 1.6 **“client”** ~ any occupant of a property ~~where~~where to the municipality agreed to deliver services or already delivers, or if the occupant is not responsible, the owner of the property;
- 1.7 **“Engineer”** ~ the person in charge of the civil and electrical sections of the municipality;
- 1.8 **“Municipal Manager”** ~ the person appointed in terms of ~~article~~section 82 of the Local Government: Municipal Structures Act No. 117 of 1998, including any person acting in the position or to whom the authority have been delegated;
- 1.9 **“municipal services”** ~ the services provided by the municipality, such as the provision of water and electricity, refuse removal, and sewerage removal, where service charges are levied;
- 1.10 **“municipal account”** ~ an account reflecting the costs for services rendered by the municipality or any authorised or contracted services provider and/or property tax in the form of, but not limited to:-
- (a) **“yearly account”** delivered yearly and in the levies indicate property tax and/or building clause, availability fees, sewerage removal and refuse removal; and
 - (b) **“monthly account”** delivered monthly and indicates electricity, water, sundry levies, housing rental fees and

~~instalments~~instalments, as well as the monthly ~~instalment~~instalment
of yearly services paid on in monthly ~~instalments~~instalments;

- 1.11 **“municipality”** ~ the organisation responsible for the collection of funds and provision of services to clients of Bitou Local Municipality;
- 1.12 **“council”** ~ the municipal council of Bitou Local Municipality;
- 1.13 **“interest”** ~ a cost levied with the same legal preference as service tariffs and calculated against an interest rate determined by the council from time to time;
- 1.14 **“equipment”** ~ a building or other structure, pipe, pump, wiring, cable, meter, machine or any fittings;
- 1.15 **“defaulter”** ~ a person owing money to the municipality after the due date has lapsed; and
- 1.16 **“Act”** ~ the Local Government: Municipal Systems Act No. 32 of 2000, as amended from time to time.

2. OBJECTS OF THE POLICY

The objects of the policy are to:-

- 2.1 provide a framework within which the municipal council can exercise its executive and legal authority with regard to credit control and debt collection;
- 2.2 ensure that all funds owed and due to the municipality are collected in a financially sustainable manner, and utilised in the best interest of the community, residents and taxpayers;
- 2.3 establish a framework for customer care and support to indigent households;
- 2.4 establish credit control measures and to describe the sequence of steps;
2.4
- 2.5 draft procedures and mechanisms with regard to credit control and debt collection; and
- 2.6 ~~establish~~Establish realistic objectives with regard to credit control and debt collection.

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3. PRINCIPLES OF THE POLICY

3.1 The administrative integrity of the municipality must be maintained at all times. The democratically elected councillors are responsible for policy making, whilst it is the responsibility of the Municipal Manager to execute such policies;

3.2 Consumers must complete an official application form wherein they request the municipality to connect them to service connection points.

[Owners must in writing take responsibility for the debt as debtor of last resort and liable for payment of any outstanding balance due and owing to the municipality.](#)

Existing consumers may be requested from time to time, as determined by the Municipal Manager, to complete new application forms;

3.3 Copies of the application form, preconditions for service delivery and extracts from the credit control and debt collection policy and regulations of the council must on request by consumers be provided at costs determined by the council, if applicable;

3.4 Accounts must be distributed timeously and must be accurate and easily understandable;

3.5 The consumer is entitled to access to pay points and to a selection of reliable payment methods;

3.6 The consumer is entitled to a good, effective and reasonable answer to enquiries / appeals, and may suffer no disadvantage during the processing of a reasonable enquiry / appeal;

- 3.7 Measures to enforce payments must be applied consistently and effectively;
- 3.8 Unauthorised usage, connection and cut offs, fiddling with or theft of meters, service provision equipment and the reticular network, and any fraudulent / illegal conduct with regard to the provision of municipal services will lead to termination of service delivery, the imposition of heavy fines, forfeiting of rights and / or public prosecution;
- 3.9 Both incentives and discouragement can be used in collection procedures;
- 3.10 The collection procedures must be cost effective;
- 3.11 Results will be reported and monitored regularly and effectively;
- 3.12 Application forms will be used to, amongst others, categorise consumers on the basis of credit risk and to determine service levels and deposits for services;
- 3.13 Goals / objectives for performance in both customer care and debt collection must be established and pursued and corrective measures for under performance must be instituted;
- 3.14 Where practically feasible, the customer care and debt collection policies will be handled separately and will the organisational structure reflect it as separate sections; [and](#)
- 3.15 The support of ~~the principle~~[the principle](#) to provide services in exchange for the payment of overdue debts.

4. DUTIES AND FUNCTIONS

4.1 Duties and functions of the Municipal Council:-

- (a) to approve a budget in line with the council's Integrated Development Plan;
- (b) to institute taxes and tariffs and to determine service costs, fees and fines in order to finance the budget;
- (c) to provide sufficient funds to provide access to basic services for the poor;
- (d) to make provision for bad debts, corresponding with the payment record of the community, ~~rate payers~~ratepayers and residents as reflected in the financial statements of the municipality;
- (e) to establish a goal / objective for improving debt collection, corresponding with acceptable accounting relationships and the capacity of the Municipal Manager;
- (f) to approve a reporting framework with regard to customer care, credit control and debt collection;
- (g) to consider and approve regulations that will give effect to the execution of the council's policy;
- (h) to monitor the performance of the Municipal Manager in the areas of customer care, credit control and debt collection through the Executive Mayoral Committee;
- (i) to adjust the budget if the council's goal / objective for customer care, credit control and debt collection is not attained;
- (j) to institute disciplinary steps and/or legal action against councillors, officials and agents who do not execute the council's policy and regulations or act improperly in terms thereof;
- (k) to approve a list of attorneys who will represent the council in all legal matters relating to debt collection;

- (l) to delegate adequate powers to the Executive Mayoral Committee, Municipal Manager and service providers to execute and monitor the customer care-, credit control- and debt collection policy;
- (m) to adequately capacitate the municipality's finance department to execute credit control and debt collection, or to alternatively appoint debt collection agents;
- (n) to support the Municipal Manager in the execution of his/her duties;
~~and~~
- (o) to provide funds for the training of personnel; ~~and~~
- (p) to annually review the Credit Control and Debt Collection Policy.-

4.2 Duties and functions of the Executive Mayor:-

- (a) to ensure that the council's budget, cash flow and goals / objectives with regard to debt collection are executed in terms of official policy and regulations;
- (b) to monitor the performance of the Municipal Manager in the implementation of policy and regulations;
- (c) to revise and evaluate policy and regulations to improve the effectiveness of procedures, mechanisms and processes with regard to customer care, credit control and debt collection; and
- (d) to report to the council.

4.3 Duties and functions of the Municipal Manager:-

- (a) to implement good customer care;
- (b) to implement the council's policy with regard to customer care, credit control and debt collection;
- (c) to institute and maintain an appropriate accounting system;
- (d) to distribute accounts to clients;
- (e) to claim payments on due dates;

- (f) to impose fines with regard to non-payment;
- (g) to utilise payments received;
- (h) to collect outstanding debts;
- (i) to implement "Best Practices";
- (j) to provide a variety of payment methods;
- (k) to determine customer care-, credit control- and debt collection measures;
- (l) to determine work procedures for the following: public relations, arrangements, disconnection of services, summonses, attachment of property, sales in execution, debt write-offs, sundry debtors and legal processes;
- (m) to appoint a firm of attorneys to execute legal proceedings (e.g. attachment of and sale in execution of property, attachment order in terms of compensation, etc.);
- (n) to determine performance targets for staff;
- (o) to appoint staff in terms of the council's recruitment and selection policy to execute the council's policy and regulations;
- (p) to delegate appropriate functions to Heads of Department;
- (q) to determine control procedures; and
- (r) to monitor contracts with service providers with regard to credit control and debt collection.

4.4 Duties and functions of communities, taxpayers and residents:-

- (a) to ~~fulfil~~fulfil certain responsibilities based on privilege and/or the right to use and enjoy public amenities and municipal services;
- (b) to pay on due dates all service fees, property tax and other taxes, levies and tariffs as determined by the municipality;
- (c) to obtain a duplicate account at the municipal help desk in instances where the account is not delivered within the normal account cycle;

- (d) to inform the municipality when services are no longer needed at a specific service point, and of any change in address;
- (e) to respect the mechanisms and processes of the municipality when exercising their rights;
- (f) to provide reasonable access to their property to allow municipal officials to execute their functions;
- (g) to adhere to the regulations and other legislation of the municipality; and
- (i) to refrain from fiddling with municipal property and services.

4.5 Duties and functions of councillors:-

- (a) to hold regular ward meetings (Ward Councillors);
- (b) to adhere to municipal policy and regulations and to convey this information to residents and ratepayers;
- (c) to adhere to the council's Code of Conduct for Councillors;
- (d) to provide input with regard to applications for indigent households; and
- (e) to, as policy-makers, refrain from interfering with the administrative process.

5. PERFORMANCE MEASUREMENT (Appendix A)

The council must institute the necessary mechanisms to set and measure performance against targets with regard to debt collection, customer care and administrative performance, and take corrective steps in order to promote credit control and debt collection.

5.1 Income Collection Targets:-

The council must set targets that include the following:

- (a) a decrease in the current escalation of debt in line with the performance agreements determined by the council from time to time.

5.2 Customer Care Targets:-

The council must set targets that include the following:

- (a) response times with regard to enquiries by clients;
- (b) the date on which the first account must be rendered to customers;
- (c) the time frame for the reconnection of services; and
- (d) the meter reading cycle.

5.3 Administrative Performance:-

The council must set targets that include the following:

- (a) cost effectiveness of debt collection;
- (b) enquiry and appeal procedures; and

(c) implementation mechanism relationships.

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6. REPORTING

6.1 The Chief Financial Officer must report on a monthly basis and appropriate format to the Municipal Manager in order to allow the latter to report to the Executive Mayor in terms of [articlesection](#) 99 of the Act, read with [articlesection](#) 100 (c). This report must include:

- (a) statistics with regard to ~~high-level~~[high-level](#) debt collection (number of clients, enquiries, default arrangements, increase or decline in outstanding debtors). Where possible the statistics must be divided according to wards, businesses (trade and industry), household, government, institutional and any other divisions; and
- (b) performance in all areas against the targets / goals agreed upon in terms of paragraph 5 of this document.

6.2 Should the council in the opinion of the Chief Financial Officer not receive income equivalent to the income projected in the annual budget as approved by the council, the Chief Financial Officer will report this with motivation to the Municipal Manager [in terms of section 28\(2\)\(a\) of the Municipal Finance Management Act as amended.](#) The Municipal Manager will ~~should~~ [he/she](#) concur with the Chief Financial Officer, ~~and~~ immediately request that the budget be adjusted to realistically attainable income levels [\(realistic anticipated revenue\)](#).

6.3 The Executive Mayor must report to the council on a quarterly basis as stipulated in [articlesection](#) 99(c) of the Act.

7. CUSTOMER CARE POLICY

7.1 Aim

To focus on the needs of the consumer in an accountable and pro-active manner, to improve the payment of service fees and to establish a positive and cooperative relationship between the persons responsible for payment for services and the municipality and, where applicable, the service provider.

7.2 Communication and feedback

7.2.1 The municipality must, within its financial and administrative capacity, undertake a process to compile a ~~budget which~~ budget, which include the targets for credit control and debt collection and communicate these targets to the broader community;

7.2.2 The council's policy with regard to Customer Care, Credit Control and Debt Collection, or appropriate extracts thereof, must be available in English, Afrikaans and Xhosa, must be available via general publication and on specific request, and must be kept at municipal offices for inspection;

7.2.3 The council must endeavour to release a regular newsletter focusing on customer care and debt collection matters;

7.2.4 The Ward Councillors must hold regular ward meetings during which emphasis must be placed on customer care and debt collection matters; and

7.2.5 The press must be motivated to provide prominent coverage of council matters with regard to customer care, credit control and debt collection, and must be invited to attend council and committee meetings where such matters are discussed.

7.3 Metering system

7.3.1 The municipality must endeavour to, within practical and financial limits provide meters for all measurable services to each paying consumer;

7.3.2 If possible, all meters must be read on a monthly basis. Should the meter not be read on a monthly basis, the council will estimate consumption in terms of the council's operational policy;

7.3.3 Consumers are entitled to submit enquiries with regard to the confirmation of meter readings and [isare](#) entitled to meter readings which is as accurate as can reasonably be expected, but can be held liable for the costs thereof;

7.3.4 Consumers will be informed of the replacement of meters; and

7.3.5 Where a meter has been installed for a service, but cannot be read due to financial or manpower limitations, or due to circumstances outside the control of the municipality or its legal agent, and the consumer's account is calculated on average consumption, the account that follows on the reading of metered consumption must reflect the difference between actual consumption and average consumption, and the resulting credit-or debit adjustments.

7.4 Accounts and invoices

- 7.4.1 Consumers will receive from the municipality an understandable and accurate account that consolidates all service fees for the property;
- 7.4.2 Accounts will be drawn up in accordance with the meter reading cycle, and payment dates will be matched with the date of the invoice;
- 7.4.3 Accounts will be sent monthly in cycles of approximately 30 days to the most recent address recorded at the municipality or its legal agent;
- 7.4.4 It is the responsibility of the consumer to ensure that his/her postal address and other contact details are correct;
- 7.4.5 In cases where accounts are not received, the responsibility to pay the account timeously resides with the consumer;
- 7.4.6 The payment date is reflected on the account and under normal circumstances is as follows:
 - (a) monthly accounts are payable before or on the 15th day, or the first subsequent work day should it fall on a weekend or public holiday, of the month that follows on the month in terms of which the account is rendered;
 - (b) yearly accounts are payable within a time frame of three **(3)** months from the date on which such fees became due and payable; and

- (c) accounts of councillors and employees are deducted from their salaries / allowances.

7.4.7 Should an account not be paid in full, no smaller payment offered and accepted will be regarded as the final payment of the applicable account;

7.4.8 Where any payment to the municipality or its legal agent by means of transferable instrument beis rejected by the bank:

- (a) the municipality or its legal agent may recuperate the average bank costs incurred with regard to the rejected transferable instrument from the account of the consumer;
- (b) the municipality or its legal agent must regard it as non-payment and will services only be reconnected upon receipt of cash or a bank guaranteed cheque; and
- (c) the municipality or its legal agent may insist on cash payment with regard to all future accounts.

7.4.9 The municipality or its legal agent must, where requested and administratively possible, issue the consumer with a duplicate account or any acceptable alternative at costs determined by the council from time to time.

7.4.10 If an account is not paid by the due date interest will be charged one month from Billing date. Interest will be equivalent to a full month from this date for each month, or part thereof that the account is overdue.

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7.4.11 The municipality supports the principle of a consolidated account and reserve the right to disconnect/restrict/block any service with regards to non-payment of the consolidated account.

7.5 Payment facilities and methods

7.5.1 The municipality must administer and maintain appropriate bank-and cash facilities that must be accessible to clients;

7.5.2 The municipality must at its discretion allocate a payment between service debts – a debtor in arrears may not specify that the payment must be used for a specific part of his/her account;

7.5.3 The municipality may, in terms of [ArticleSection](#) 103 of the Act, with the permission of the consumer, approach an employer to implement a debit-or stop order arrangement; [and](#)

7.5.4 The consumer must acknowledge in all consumer agreements that the use of consumer agents in the transfer of payments to the municipality will occur at the risk of the consumer. This is applicable also to the time of transfer of payment.

7.5.5 Debtors who pay the account by means of a credit card transaction, and where the value of the payment is [R5000](#) or more, or an amount as determined by council when determining tariffs [may](#) be liable for the cost of the transaction as passed on to the Municipality by the Financial Institution.

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7.6 Incentives for regular payment (Appendix B)

7.6.1 The council may, in order to encourage early payments and to reward regular payers, from time to time consider incentives as compensation for regular payers and payments received via debit-or stop order; and

7.6.2 Should incentives be implemented, the expenses attached to the incentive scheme must be reflected in the operating budget as an additional expense.

7.7 Enquiries, appeals and service complaints

7.7.1 The council will provide the following within its financial and administrative capacity:

- (a) a centralised complaints-/feedback office;
- (b) a centralised database for complaints, that will make it easier to coordinate and solve complaints, and to communicate more effectively with clients;
- (c) appropriate training for officials that deals directly with the public in order to improve communication and service delivery; and
- (d) a communication mechanism to inform the council with regard to the implementation of the Policy with regard to Customer Care, Credit Control and Debt Collection, as well as other matters.

7.7.2 If a consumer is convinced that his/her account is not accurate, he/she can request that the applicable account be investigated [\(dispute as per 7.7.4\)](#) and, where applicable, the necessary corrections be made;

7.7.3 The debtor must in the meantime pay an average based on previous consumption if the history of the account is available. Should this history not be available, the debtor must pay, without infringing his/her rights, an estimated amount provided by the municipality before the payment date until the case is resolved;

7.7.4 ~~The department concerned must investigate and provide feedback to the debtor within one (1) month of receipt of the request; Customers can dispute the municipal account. In order for a dispute to be registered with the Municipality, the following procedures must be followed – by the debtor:~~

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- (a) The dispute must be submitted in writing or dictated to the official who will record it in writing and have it signed as correct. The document must then immediately be lodged with the relevant authorised official;
- (b) No dispute will be registered verbally whether in person or over the telephone;
- (c) The debtor must furnish full personal particulars including all their account numbers held with the Municipality, direct contact telephone numbers, fax numbers, postal and e-mail addresses and any other relevant particulars required by the Municipality;
- (d) The full nature of the dispute must be described in the correspondence referred to the above; and
- (e) The onus will be on the debtor to ensure that he receives a written acknowledgement of the dispute.

In order for a dispute to be registered with the Municipality, the municipality must follow the following procedures –;

- (a) All disputes received are to be recorded in a register kept for that purpose. The following information should be entered into this register, namely debtors account number; debtors name; debtors address; full particulars of the dispute; name of the official to whom the dispute is given to investigate and resolve; actions that have, or were, taken to resolve the dispute; signature of the controlling official;
- (b) An authorised controlling official will keep custody of the register and conduct a daily or weekly check or follow-up on all disputes as yet unresolved; and
- (c) A written acknowledgement of receipt of the dispute must be provided to the debtor.

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The following provisions apply to the consideration of disputes:

- (a) All disputes must be concluded by the Chief Finance Officer;
- (b) The Chief Finance Officer's decision is final and will result in the immediate implementation of any debt collection and credit control measures provided after the debtor is provided with the outcome of the dispute; and
- (c) The same debt will not again be defined as a dispute and will not be reconsidered as the subject of a dispute.

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7.7.5 Lessors that fail to pay such agreed upon interim payments will be subject and part of the normal credit control and debt collection procedures;

7.7.6 A consumer may appeal against the finding of the municipality or its legal agent in terms of sub-paragraph 7.7.4; and

7.7.7 An appeal and request in terms of sub-paragraph 7.7.6 must within twenty one **(21)** days after notification of the findings mentioned in sub-paragraph 7.7.4 be addressed to and submitted at the municipality and must:

- (a) set out the grounds for the appeal; and
- (b) ~~be~~Be accompanied of any security determined for the testing of the metering device, if applicable.

7.8 Customer support programmes

7.8.1 Water leakages:-

- (a) If the leakage is at the consumer's side of the meter, the consumer will be responsible for payment of the full account;
- (b) If sufficient proof of repair costs are furnished the municipality may, at its own discretion, provide relief; and
- (c) It is the responsibility of the client to control and monitor his/her consumption.

7.8.2 Tax rebates:-

- (a) The municipal council may grant on an annual basis rebates to categories of rate payers in accordance with the tax policy and regulations of the municipality; and
- (b) Tax rebates will be subject to criteria as determined by the council from time to time.

7.8.3 Arrangements for payment (Annexure C)

- (a) If required, consumers in arrears must agree to change to pre-paid meters. Subsequent to ~~installation~~installation, the amount in arrears and the cost of the pre-paid meter will be payable on one of the following methods:
 - (i) ~~the~~The total in arrears are added to the account and ~~an agreement~~an agreement is arranged; or
 - (ii) the total in arrears can be placed on the pre-paid meter and paid back at a rate of 50% of purchases as electricity is purchased until the account is paid in full; and

- (b) The council reserves the right to increase the required deposit / security of debtors that opt to make arrangements with the municipality.

7.8.4 Property Rates and Services in ~~instalments~~instalments:-

- (a) Property Rates and annual services must be paid in twelve **(12)** even ~~instalments~~instalments, with no interest charges thereon, with the understanding that no tax pertaining to the previous period is outstanding and that all payments be fully paid at the date that precedes the following tax cycle; and
- (b) The full amount for taxes and services will become payable immediately if the taxpayer is in arrears for three **(3)** months.

7.9 Subsidies for indigent consumers (Annexure B)

7.9.1 A basic level of services will be provided to qualifying households with a total bruto income which is less than a predetermined amount and meet specific criteria determined by the council from time to time;

7.9.2 Subsidies to indigent consumers will be financed from the equitable share contribution from National Government and for which provision is made in the municipal budget;

7.9.3 The subsidised services ~~are—sewerage~~are sewerage removal, refuse removal and water_;:-

7.9.4 If a consumer's consumption or use of a municipal service is less than the subsidised service, may the unused portion not be accrued to the consumer and will it not entitle the consumer to cash or a rebate with regard to the unused portion;

- 7.9.5 If a consumer's consumption or use of a municipal service exceeds the subsidised service, the consumer will be liable to pay for the amount in excess at an appropriate rate;
- 7.9.6 The consumption of all consumers who qualify for an indigent subsidy will be limited to prevent further escalation of debt;
- 7.9.7 If applicable, indigent households will be exempted of a portion of their debts;
- 7.9.8 Where the account of a consumer that qualifies for an indigent subsidy is paid in full or pays the account in full on a regular basis at the time of application, the limitation on consumption may be lifted;
- 7.9.9 A consumer that qualifies for an indigent subsidy must apply for de-registration if his/her circumstances improves to such an extent that he/she no longer meet the requirements for the subsidy;
- 7.9.10 An indigent consumer can apply for de-registration at any time; and
- 7.9.11 A list of indigent consumers will be kept and made available to the general public.

7.10 Additional subsidy categories

- 7.10.1 The council may provide certain portions of basic consumption of electricity and water free of charge to a consumer, as determined from time to time;
- 7.10.2 The council may grant donations to alleviate the tax burden on specific categories of consumers, as determined from time to time;

- 7.10.3 Rebates may be granted to sports organisations, but services fees must at least cover the cost of the service; and
- 7.10.4 Rebates may be granted to large scale consumers to encourage them to reside in Plettenberg Bay, where it will be to the benefit of the community.

7.11 Consumer categories

- 7.11.1 Consumers will be categorised in terms of special classifications that provides for, amongst others, the type of business, appropriate tariffs and the risk attached to service delivery. Credit control procedures, debt collection and customer care may differ from category to category as determined by the Municipal Manager from time to time.

7.12 Preferential customer management

- 7.12.1 Certain consumers can be classified as preferential consumers by the Municipal Manager according to certain criteria, such as the number of properties and volume of consumption; and
- 7.12.2 A specific municipal official will be tasked to deal with the interests of preferential consumers, and will execute such tasks as the check accounts for accuracy, monitoring timeous payments, and answering enquiries.

8. CREDIT CONTROL POLICY

8.1 Aim

- 8.1.1 To establish procedures that will ensure the collection of debt and attainment of service delivery targets, as well as to prevent the escalation of bad debts;
- 8.1.2 To facilitate the financial support and provision of basic services for the indigent consumers in the community;
- 8.1.3 To establish measures to encourage timeous payments; and
- 8.1.4 To limit risks by means of effective management resources.

8.2 Service applications and agreements

- 8.2.1 ~~All consumers of services will be required to sign an agreement that will regulate the provisioning and costs of municipal services. Owners may allow a lessee to sign a separate agreement with the municipality that will be accepted by the municipality. Should the lessee become guilty of non-payment, then the owner of the property will be responsible as the last resort, unless the particular property belongs to the municipality.~~
The municipality will only contract with the owner of the property;
- 8.2.2 Prior to signing the agreement, the owners and/or the lessee are entitled upon request to receive the policy document of the council;
- 8.2.3 The owners and/or lessee shall receive a copy of the agreement upon the signing thereof;

8.2.4 Clients must acknowledge in the agreement that they accept liability, in the case of non-payment, for debt collection costs, interest and fines;

8.2.5 Existing consumers will be requested to sign new agreements as determined by the Municipal Manager from time to time; and

8.2.6 Should a consumer fail to enter into such an agreement with the municipality, or to provide security, as defined in sub-paragraph 8.6, the council may:

(a) ~~hold~~Hold the particular consumer liable for all outstanding service debts against the property; and/or

(b) ~~limit~~Limit or cut off services.

8.3 Right of access to property

8.3.1 The owner and/or lessee of the property must allow an assigned municipal representative access to the property at all reasonable times to read, inspect, install, or repair any meter or service connection, and/or disconnect, stop, limit or reconnect any service;

8.3.2 The owner is responsible for the costs of moving a meter should reasonable access not be possible; and

8.3.3 Should a person fail to adhere to any requirement, the municipality or its legal agent may:

(a) request such person by means of written notification to, at his/her cost, repair access within a specific time frame; and

(b) repair access without prior notification and recover the costs incurred from the person, if deemed an urgent case.

8.4 Enforcing mechanism

- 8.4.1 Interest can be levied in terms of applicable legislation as a cost on all accounts not paid on the due date; and
- 8.4.2 The municipality shall have the right to limit or stop services or to implement any other debt collection actions due to late or non-payment of accounts with reference to any consumer, owner or property.

8.5 Theft and fraud

- 8.5.1 If found that any person (natural or juristic) are illegally connected or reconnected to municipal services, or that he/she fiddled with any meter, reticulation network or any other supply equipment, or delivered any unlawful service associated with the provision of municipal services, or stole or damaged any municipal property, he/she shall be prosecuted and/or held liable for fines, as determined from time to time;
- 8.5.2 The council shall immediately stop the provision of services and/or remove services should the abovementioned action be detected;
- 8.5.3 The total account due, including fines, estimates of unlawful consumption and disconnection-and reconnection fees, as well as increased deposits as determined by the council, if applicable, is due and payable immediately and reconnection cannot be approved before these amounts are not paid in full;
- 8.5.4 The council shall maintain monitoring systems and teams to locate and monitor consumers who make themselves guilty of such unlawful action;

8.5.5 An official case shall be laid at the South African Police Service against both vandals and thieves and the council reserves the right to take any other legal action against them; and

8.5.6 Services can be stopped immediately if any person fails to disclose or disclose unjust information to the municipality.

8.6 Selection of clients and security

8.6.1 The credit worthiness of all applications for municipal services may be checked which may include verification of information of banks, credit bureau's, local authorities, trade accounts payable, and employers;

8.6.2 Security deposits, whether in cash or any other security acceptable to the municipality, will be taken and may differ according to risk. A minimum deposit will be taken in accordance with amounts determined by the council from time to time;

8.6.3 The municipality may increase deposits at any time at its own discretion;

8.6.4 Deposits may vary based on the credit worthiness or legal category of the applicant, subject to the minimum requirements of paragraph 8.6.2;

8.6.5 The municipality will pay no interest on deposits; ~~and~~

8.6.6 The deposit amount, less any amount owed to the municipality, shall be paid back to the consumer at the termination of the agreement; ~~and~~

8.6.7 With effect 1 July 2013, the municipality will only enter into a municipal service contract with the owner.-

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8.7 Businesses submitting tenders to the municipality

8.7.1 The Supply Chain Policy and Tender conditions of the municipality shall include the following:-

- (a) When tenders are called for the provisioning of services or goods, potential contractors can submit tenders subject to a condition that the consideration and evaluation thereof shall require of the tenderer to obtain a certificate from the municipality that confirms that all applicable municipal accounts of the tenderer or his/her directors, owners or partners, are paid in full or that appropriate arrangements (which includes the right of settlement in the case of non-performance) are made for the payment of any amounts due;
- (b) No tender shall be awarded to a person unless an appropriate arrangement has been made for the payment of amounts due. No further debt may accrue during the contract period; and
- (c) Tender conditions include a condition that allows the municipality to, in terms of a reasonable arrangement with the ~~consumer~~consumer, subtract amounts due to the municipality from cash payments.

8.8 Collection costs

8.8.1 All costs with regard to legal processes, including interest, fines, termination of services, costs and legal costs applicable to customer care and credit control, where applicable, shall be levied against the account of the consumer and must at least reflect the actual cost.

8.9 Pre-paid meter system

8.9.1 The municipality shall use the pre-paid meter system:-

- (a) to tie the provision of electricity to a pre-paid system as pre-payment for electrical units; and
- (b) as a payment with regard to bad debts consisting of accumulated municipal taxes and other levies, tariffs and fees with regard to services such as water, refuse removal, sanitation and sewerage removal, [at a 50:50 ratio](#).

9. DEBT COLLECTION POLICY

9.1 Aim

- 9.1.1 To provide procedures and mechanisms to collect all outstanding amounts payable to the municipality flowing from the provision of services and annual levies to ensure the financial sustainability and provision of municipal services in the interest of the community.

9.2 Personal contact

9.2.1 Personal / telephonic / agent contact

- (a) The council or its legal agent shall endeavour to, within financial limitations, personally, electronically or telephonically contact all debtors in arrears to encourage payment and to inform them of their arrears status and rights, if applicable, to make arrangements, or to apply for an indigent subsidy, as well as other related matters, and will provide information as to how and where access to such arrangements or subsidies can be obtained; and
- (b) Such contact is not a right to be claimed by debtors – disconnection of services and other debt collection measures shall continue in the absence of such contact for whichever reason.

9.3 Service interruption

- 9.3.1 The electricity and water supply and other municipal services of consumers with overdue accounts and who did not make arrangements

with the municipality in respect thereof shall be terminated, limited or disconnected;

9.3.2 The limitation or disconnection of service can be implemented when the municipal account is one **(1)** day overdue;

9.3.3 The right is reserved to limit or refuse the sale of electricity or water to consumers with overdue taxes or other municipal levies;

9.3.4 Services shall be reconnected as soon as it is reasonably possible after payment of amounts in arrears, including the additional levies in terms of paragraphs 9.3.4 and 9.3.5, or the finalisation of agreements for ~~instalment~~instalment payments;

9.3.5 The costs of limitation and disconnection, as well as reconnection, shall be determined by the tariffs approved by the council and shall be payable by the consumer; and

9.3.6 The deposit of the defaulter shall be adjusted in accordance with the applicable council policy (refer to Annexure C).

9.4 Legal process (Annexure B) (Use of attorneys / Use of credit bureaus)

9.4.1 The municipality can, when a debtor falls into arrears, start legal proceedings against such debtor, which process can ~~include~~include summonses, court hearings, judgments, attachment orders, and, as a last resort, sale of property in execution;

9.4.2 The municipality shall exercise strict control over this process to ensure the accuracy and legality thereof and shall expect regular reports

~~form~~from the staff responsible for the process or from outside parties, whether attorneys or collection agents appointed by the council;

9.4.3 The municipality shall agree upon procedures and codes of conduct with such outside parties;

9.4.4 Attachment orders, in the case of employed consumers, are preferred above sales in execution, although both form part of the municipality's debt collection procedures;

9.4.5 All steps in the credit control procedure shall be recorded for municipal record purposes and for information to the consumer;

9.4.6 All legal costs pertaining to this procedure is for the account of the consumer;

9.4.7 Individual debtor accounts is protected and not the subject of public information. The municipality may however furnish information of debtors to credit bureaus by means of credit listing. This disclosure shall occur in writing and the situation shall be encapsulated in the municipality's agreements with its clients;

9.4.8 The municipality may consider the cost effectiveness of this process and shall receive reports regarding applicable matters and in turn report to the Executive Mayoral Committee;

9.4.9 The council can, on recommendation by the Municipal Manager, consider the use of agents and innovating debt collection measures. Cost effectiveness, the willingness of agents to work according to applicable codes of conduct and the success rate of such agents and

products shall form part of the agreement the council will enter into with such agents or product salespersons;

9.4.10 Consumers shall be informed about the powers, functions, duties and responsibilities of such agents, with due cognisance of their legitimate responsibility to adhere to agreed codes of conduct; and

9.4.11 Any agreement entered into with an agent or product sales person must include a clause that stipulates that violation of the code of conduct by the agent or product sales person shall cause the agreement to be terminated.

9.5 Rates clearance

9.5.1 With the sale of any property within the municipal jurisdiction the council shall withhold the rates clearance certificate until all rates, services and sundry costs attached to the property, is paid; ~~and-~~

9.5.2 An amount equal to 4 (four) months service- and basic charges will be collected in advance as part of the Rates Clearance process.

9.6 Withdrawal of claims

9.6.1 The Municipal Manager must ensure that all avenues are exhausted to collect the municipality's outstanding debts;

9.6.2 There are circumstances, as provided for in ~~article~~section 109 (2) of the Act, under which debt collection procedures can be withdrawn, such as:

- (a) the insolvency of the debtor, where the estate does not have sufficient funds;

- (b) a balance that is, in comparison with collection cost, too small to collect; and
- (c) where the council is of the opinion that a debtor or group of debtors are not in a position to pay for the services; and

9.6.3 The municipality shall in such cases keep an audit trail of the reasons why the outstanding debts are written off.

|

10. SHORT TITLE

This policy shall be named the Credit Control – and Debt Collection Policy of Bitou Local Municipality.

|

ANNEXURE A

PERFORMANCE MEASUREMENT

1. Revenue collection target

1.1 Payment levels of current accounts:

Increase the payment level with 3% every 12 months up to 98.95% of all consumers that can afford payment.

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2. Customer care targets

2.1 Response time on customer enquiries:

First response must occur within ten (10) working days.

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2.2 Date on which first account will be delivered to new consumers:

At the second account cycle following the date of application or occupation, whichever occurred last.

2.3 Reconnection time frame:

Within twenty four (24) hours after an appropriate payment agreement is made.

2.4 Meter reading cycle:

95% of all meters must be read on a monthly basis with a maximum of two (2) successive months' estimates.

2.5 Repair of meters:

Within one (1) month after notification of the faulty meter is received.

3. Administrative targets

3.1 Cost effectiveness of debt collection:

- (a) *Costs of debt collection may not exceed the total capital debt (in duplum rule);*
- (b) *Collection costs must be recovered from consumers in arrears; and*
- (c) *The total cost of debt collection must be recovered by means of appropriate credit control tariffs.*

3.2 Enquiries and complaint periods:

*Enquiries and complaints must be dealt with within forty five **(45)** days, subject to the implementation of a help desk and an electronic system to record enquiries and complaints.*

3.3 Enforceability relationships:

95% of the total consumers in arrears must be successfully contacted or disconnected within ~~the time frame to be determined by the Chief~~ Financial Officer from time to time a period of 12 months.

ANNEXURE B

CUSTOMER CARE AND DEBT COLLECTION

1. ~~Encouragement measures~~ Encouragement measures

As determined by Council from time to time.

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~~The following encouragement measures shall apply with regard to debtors who made arrangements for instalment payments, who promptly adhere to the arrangement, and who pay their monthly current accounts in full:~~

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~~1.1 For every R1,00 that debtors pay on debts in arrears, the council can make a contribution as follows:~~

Income group / month	Council contribution
*R1 560,00 and less	R1,00

~~1.2 The overdue account will be adjusted monthly with the arranged amount;~~

~~1.3 The arrangement in 1.2 above shall only apply as long as the arrangement for instalment payments is adhered to; and~~

~~1.4 The levying of interest on all services may be suspended while the conditions of the arrangement are adhered to.~~

12. Indigent subsidy

The State's annual contribution towards relief of service accounts of persons who qualify are handled as follows:

~~21.1 Application for indigent subsidy are reviewed annually and must be submitted before or on 31st May of each year on the prescribed form; Applications will remain indigent until such time that the applicant informs the municipality of a change in status, provided that the municipality may verify the Indigent status at any time.~~

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12.2 Application forms not completed in full or missing documentation shall be rejected;

12.3 Subject to the maximum income threshold prescribed by the State, the quarterly portion of the State's grant and for which the council have made provision in its budget, shall be divided pro rata between qualifying applicants for as long as such grants will be made;

12.4 A committee composed of councillors, the Municipal Manager and Chief Financial Officer, in their capacity as accountable and accounting officials of the council, shall calculate the division in 12.3 above for approval by the council;

12.5 Tariffs of qualifying applicants are reduced monthly with the subsidies calculated in 12.4 above; and

12.6 ~~Councillors~~Councillors must encourage rate payers/consumers in their respective wards to apply for participation in the indigent subsidy scheme.

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23. Debt collection

23.1 Annual accounts:

If accounts remain unpaid after ~~three (3) months of~~ becoming due and payable, owner/consumer will be credit listed and notice will be served that if the owner/consumer ~~dedoes~~ not settle the amount due within fourteen **(14)** days, such account will be handed over to the municipality's attorneys for collection. Total account annually payable for current and next financial year – debtor can apply for monthly status after the lapse of 2 (two) financial years.;

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2.2 The Municipality supports the principle of a consolidated account and reserve the right to disconnect/restrict/block any service with regards to non-payment of the consolidated account.

23.32 Accounts of which the ~~instalments~~instalments for annual services are paid on a monthly basis, and which became due and payable in terms of paragraph 7.8.4 (b) of the council's Policy, must receive notice that if the owner/consumer do not settle the amount due within fourteen **(14)** days, such account will be handed over to the municipality's attorneys for collection;

23.43 Should no response be received on the notices such accounts will immediately be handed over to the attorneys for collection;

23.54 All debtors with regard to rental houses, sale schemes and self build schemes where the houses are still registered in the name of the municipality, must be notified in writing that, should satisfactory arrangements for the transfer of the applicable property into his/her name or arrangements for the outstanding debt not be made within one **(1)** month, such property will be sold by means of public auction;

23.65 When accounts are handed over for collection, particulars of debtors' employers and addresses must as far as possible be furnished to the attorneys with due regard for attachment orders;

23.76 Attorneys must report to the council on a ~~quarterly~~ monthly basis with regard to progress made and the cost factor of each debtor;

23.87 Attorneys must pay money collected to the council on a monthly basis;
and

23.98 The fixed assets of debtors in arrears exceeding R~~54 000,00~~ 00,00 and who do not adhere to their arrangements with the attorneys must, as a last resort, if all efforts to collect debts have failed, be sold in execution subject to the following procedure:

- (a) Prior to the sale in execution of the fixed property, such debtors must be identified in consultation with the Finance Committee; and
- (b) Councillors must at notification of attachments contact the person/s within fourteen **(14)** days and report to the Municipal Manager and its attorneys in writing.

ANNEXURE C

ARRANGEMENTS FOR PAYMENT

1. ~~Debts in respect of which arrangements can be made~~

~~1.1 Debts which came into effect on 1 June 2004:~~

~~(a) Monthly accounts:~~

~~No installment payment arrangements with regard to current
monthly accounts rendered with effect from 1 June 2004 are
accepted; and~~

~~(b) Annual accounts:~~

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~~No installment payment arrangements with regard to current annual accounts, except those arranged in terms of article section 90 (1) of Municipal Ordinance 20 of 1974, are accepted with effect from 1 June 2004; and~~

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~~1.2 Debts as at 31 May 2004:~~

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~~Arrangements for installment payment of outstanding debts as at 31 May 2004 can be made in the manner as described hereunder.~~

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12. Entering into agreement

12.1 If a consumer cannot pay his/her municipal account, the municipality can enter into an extended payment term on condition that the term do not exceed 24 months and that the debt will be paid with monthly and/or annual accounts. The consumer must:

- (a) sign an admission of guilt;
- (b) sign permission to take judgment;
- (c) sign a stop-or debit order if he/she is in the employment of a company;
- (d) deliver proof of income on the prescribed form;
- (e) acknowledge that interest will be levied at the prescribed rate against the account;
- (f) pay the current portion of the account in cash;
- (g) sign an admission that should the agreement not be adhered to, no further arrangements will be possible and that the disconnection of water and electricity, as well as legal proceedings, will immediately be implemented;
- (h) accept liability for all costs; and

- (i) provide annually on 31 May new proof of ~~income which return~~income, which return, shall serve at the same time for purposes of indigent assistance.

23. Arrangements that can be made

3.4 2.1 Household consumers according to monthly income:

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(a) R~~1 500~~3 501 and ~~less R 5000~~ = 51% of monthly income as arrear instalment plus the costs of credit control actions plus monthly account;

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(b) R~~1 501~~5001 – R~~4 500~~7 500 = 92% of monthly income as arrear instalment plus the costs of credit control actions plus monthly account;

(c) R 7 501 – R 10 000 = 3% of monthly income as arrear instalment plus costs of credit control actions plus monthly account; and

(d) R~~104 000~~501 and more = 435% of monthly income as arrear instalment plus the costs of credit control actions plus monthly account.

(d) Deposit to be increased to latest approved amount.

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3.23.1 Businesses and Commercial:

~~(a) 1st transgression in financial year:~~

~~(i) 50% of the outstanding amount plus the costs of credit control actions;~~

~~(ii) the balance is payable over a maximum term of three (3) months; and~~

~~(iii) consumer deposits will be adjusted to consumption for three (3) months.~~

~~(b) 2nd transgression in financial year:~~

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- ~~(i) full outstanding amount plus the costs of credit control actions;~~
- ~~(ii) no arrangements will be accepted; and~~
- ~~(iii) consumer deposits will be adjusted to consumption for four (4) months.~~

~~(c) 3rd transgression in financial year:~~

- ~~(i) services will be terminated or limited and the account handed over for legal proceedings.~~

~~6 months to pay off arrears plus cost of credit control plus current account – deposit to be increased to the equivalent of 4 (four) months consumption.~~

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3.3 State departments

~~(a) 1st transgression in financial year:~~

- ~~(i) 3 week notice no arrangement; and~~
- ~~(ii) consumer deposits will be adjusted to consumption for three (3) months.~~

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~~(b) 2nd transgression in financial year:~~

- ~~(i) 2 week notice no arrangement; and~~
- ~~(ii) consumer deposits will be adjusted to consumption for four (4) months.~~

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~~(c) 3rd transgression in financial year:~~

- ~~(i) services will be terminated or limited and the account handed over for legal proceedings.~~

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No arrangement

3.4 Central and Provincial government

(a) 1st transgression in financial year:

- (i) final notice and legal action shall commence in terms of the Institution of Legal Proceedings against certain Organs of State Act No. 40 of 2002.

3.5 Administration

Where a person is placed under administration the following procedure will be followed:

- (a) The debt as on the date of the administration court order shall be placed in a suspense account and, in terms of the administration order, [bebe](#) recovered by means of dividends from the administrator;
- (b) The administrator shall open a new account on behalf of the debtor and pay a new deposit. No account can be opened and administered in the name of the debtor since the latter is not allowed to accumulate debt;
- (c) Until the new account of the debtor is opened he/she shall be placed on limited consumption levels. The consumer shall be compelled to install a pre-paid meter if one is not already in use. The municipality shall be entitled to recover the costs for basic services by means of electricity purchases on the pre-paid meter; and
- (d) Should the current account fall into arrears, the provision of services shall be limited or disconnected and the administrator handed over for debt collection.

3.6 Indigents

All consumers classified as indigent and who still have outstanding debts subsequent to relief arrangements, shall pay such debts as follows:

- (a) In ~~instalments~~instalments over 36 months, except the monthly services fees after the credit control actions are paid in full.

3.7 Crèches & Churches

All consumers classified as crèches and churches and who still have outstanding debts subsequent to relief arrangements, shall pay such debts as follows:

- (a) In instalments over 12 months, except the monthly services fees after the credit control actions are paid in full.

Debtors can at any time pay a higher ~~instalment~~instalment than those described above.

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BITOU MUNICIPALITY

**MUNICIPAL SUPPLY CHAIN MANAGEMENT
POLICY**

ADOPTED ON:

MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003

Date of adoption:

Council resolves in terms of section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt the following as the Supply Chain Management Policy of the Bitou Local Municipality.

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Definitions

1. In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the **Municipal Finance Management Act, no 56 of 2003**, has the same meaning as in the Act, and –

“Accounting Officer” in relation to a Municipality means the municipal manager as described in Section 60 of the Local Government: Municipal Finance Management Act, no 56 of 2003 as well as Section 82 of the Municipal Structures Act, no 117 of 1998 .

Bid” means a written offer in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of services, works or goods

“Close family member” means: (i) a member of the same household, (ii) parent (including adoptive parent), (iii) parent-in-law, (iv) son (including adoptive son), (v) son-in-law, (vi) daughter (including adoptive daughter), (vii) daughter-in-law, (viii) step-parent, (ix) step-son, (x) step-daughter, (xi) brother, (xii) sister, (xiii) grandparent, (xiv) grandchild, (xv) uncle, (xvi) aunt, (xvii) nephew, (xviii) niece, (xix) the spouse or unmarried partner in any of (i)to (xii) above;

“competitive bidding process” means a competitive bidding process referred to in paragraph 12 (1) (d) of this Policy;

“competitive bid” means a bid in terms of a competitive bidding process;

“Consultants” means consulting firms, engineering firms, legal firms, construction managers, management firms, procurement agents, inspection agents, auditors, other multinational organizations, investments and merchant banks, universities, research agencies, government agencies, non-governmental (NGO’s) and individuals.

“Emergency” means a serious, unexpected, unforeseen and potentially dangerous and damaging situation requiring immediate action and which is not due to a lack of planning.

“Exceptional case” means unusual not typical circumstances where it is or impossible in practice to follow procurement processes.

“final award”, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;

“Formal written price quotation” means quotations referred to in paragraph 12 (1) (c) of this Policy;

“Head of department” means a person in the employment of Bitou municipality who heads a department or who reports to the Municipal Manager.

“in the service of the state” means to be –

- (a) a member of –
 - (i) any municipal council;
 - (ii) any provincial legislature; or
 - (iii) the National Assembly or the National Council of Provinces;
- (b) a member of the board of directors of any municipal entity;
- (c) an official of any municipality or municipal entity;
- (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
- (e) a member of the accounting authority of any national or provincial public entity; or
- (f) an employee of Parliament or a provincial legislature;

“long term contract” means a contract with a duration period exceeding one year;

“list of accredited prospective providers” means the list of accredited prospective providers which the municipality must keep in terms of paragraph 14 of this policy;

“Municipality” means the municipality of Bitou

“Municipal Systems Act” means the Local Government: Municipal System Act 32 of 2000.

“Notice boards” means the official notice boards at the municipal offices, libraries and any notice boards at the dedicated directorates

“other applicable legislation” means any other legislation applicable to municipal supply chain management, including –

- (a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and
- (c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);

“Quotation” means a stated price that a supplier expects to receive for the provision of specified services, works or goods;

“sole supplier” means the only supplier in the South African market that can provide a particular product or service;

“Tender” means ‘bid’ or ‘quotation’ in relation to ‘Tender Box’

“Treasury guidelines” means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;

“the Act” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

“the Regulations” means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005;

“Written or verbal quotations” means quotations referred to in paragraph 12(1)(b) of this Policy.

“PPPFA” means the preferential procurement policy framework Act, no 5 of 2000.

CHAPTER 1

ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

Supply chain management policy

2. (1) The Bitou Municipality resolved in terms of section 111 of the Municipal Finance Management Act, No 56 of 2003, to have and implement a supply chain management policy that:

- (a) gives effect to –
 - (i) section 217 of the Constitution; and
 - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
- (b) is fair, equitable, transparent, competitive and cost effective;
- (c) complies with –
 - (i) the Regulations; and
 - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
- (d) is consistent with other applicable legislation;
- (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
- (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

(g) applies the highest ethical standards; and

(h) promotes local economic development.

g) assign responsibility for the implementation of the policy to the Accounting Officer of the Municipality.

(2) The Municipality may not act otherwise than in accordance with this supply chain management policy when:

- (a) procures goods or services;
- (b) disposes of goods no longer needed;
- (c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
- (d) selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.

(3) Subparagraphs (1) (2) of this Policy do not apply in the circumstances described in Section 110 (2) of the Act, except where specifically provided otherwise in this policy.

Amendment of the supply chain management policy

3. (1) The accounting officer must –

- (a) at least annually review the implementation of this Policy; and
- (b) when the accounting officer considers it necessary, submit proposals for the amendment of this Policy to the council.

(2) If the accounting officer submits proposed amendments to the council that differs from the model policy issued by the National Treasury, the accounting officer must –

- (a) ensure that such proposed amendments comply with the Regulations;
and
- (b) report any deviation from the model
policy to the National Treasury and the relevant provincial treasury.

- (3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.
- (4) The accounting Officer must, in terms of section 62(1) (f) (i) of the Act, take all reasonable steps to ensure that the Municipality has and implements this Supply Chain Management Policy.

Delegation of supply chain management powers and duties

- 4. (1) The council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –
 - (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –
 - (i) Chapter 8 or 10 of the Act; and
 - (ii) the Supply Chain Management Policy;
 - (b) to maximize administrative and operational efficiency in the implementation of this Policy;
 - (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
 - (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.

(2) Sections 79 and 106 of the Act apply to the subdelegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).

(3) The Council or accounting officer may not subdelegate any supply chain management powers or duties to a person who is not an official of municipality or to a committee which is not exclusively composed of officials of the municipality.

(4) Section 4(3) may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

Sub delegations

5. (1) The accounting officer may in terms of section 79 or 106 of the Act subdelegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such subdelegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.

(2) The power to make a final award –

(a) above R10 million (VAT included) may not be subdelegated by the accounting officer;

(b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be subdelegated but only to –

(i) the chief financial officer;

(ii) a Head of Department; or

(iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or

(c) not exceeding R2 million (VAT included) may be subdelegated but only to –

(i) the chief financial officer;

(ii) a Head of Department;

(iii) a manager directly accountable to the chief financial officer or a Head of Department or

(iv) a bid adjudication committee.

(3) An official or bid adjudication committee to which the power to make final awards has been subdelegated in accordance with subparagraph (2) must within five working days of the end of each month submit to the accounting officer a written report containing particulars of each final award made by such official or committee during that month, including–

- (a) the amount of the award;
 - (b) the name of the person to whom the award was made; and
 - (c) the reason why the award was made to that person.
- (4) Subparagraph (3) of this paragraph does not apply to procurements out of petty cash.
- (5) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been subdelegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.
- (6) No supply chain management decision-making powers may be delegated to an advisor or consultant.

Oversight role of council

- 6. (1) The council reserves its right to maintain oversight over the implementation of this Policy.
- (2) For the purposes of such oversight the accounting officer must –

- (a) (i) within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality; and

 - (ii) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council.

- (3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor.
- (4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.
- (5) **The Accounting Officer will, within 60 days of the end of each financial year, submit to the provincial treasury any information concerning supply chain management in such format as the National Treasury and Provincial Treasury may determine**

Supply chain management unit

7. (1) The Accounting Officer must establish a Supply Chain Management unit to implement this Policy.

- (2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

Training of supply chain management officials

- 8.** The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training.

CHAPTER 2

SUPPLY CHAIN MANAGEMENT SYSTEM

Format of supply chain management system

9. This Supply Chain Management Policy provides systems for –

- (i) demand management;
- (ii) acquisition management;
- (iii) logistics management;
- (iv) disposal management;
- (v) risk management; and
- (vi) performance management.

Part 1: Demand management

System of demand management

- 10.** (1) The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan.
- (2) The demand management system must –
- (a) include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and timely and effectively delivered at the right

locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;

- (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and
- (c) provide for the compilation of the required specifications to ensure that its needs are met.
- (d) undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

(e) include the following demand management considerations –

- (i) understanding of future and current needs;**
- (ii) requirements are linked to the budget;**
- (iii) specifications are determined;**
- (iv) needs form part of the strategic plan and Integrated Development Plan of the Municipality;**
- (v) analysis of past and current expenditure;**
- (vi) optimum methods to satisfy needs;**
- (vii) frequency of requirements are specified;**
- (viii) calculation of economic order quantity;**
- (ix) conducting of industry and market analysis.**

Part 2: Acquisition management

System of acquisition management

11. (1) The accounting officer must establish, through operational procedures, an effective system of acquisition management in order to ensure:-

- (a) that goods and services are procured by the municipality in accordance with authorized processes only;

- (b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
 - (c) that the threshold values for the different procurement processes are complied with;
 - (d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation;
 - and
 - (e) that any Treasury guidelines on acquisition management are properly taken into account.
- (2) This Supply Chain Management Policy, except where provided otherwise in the policy, does not apply in respect of the procurement of goods and services contemplated in Section 110(2) of the Act, Including:
- (a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
 - (b) electricity from Eskom or another public entity, another municipality or a municipal entity.
- (3) When procuring goods or services contemplated in section 110(2) of the Act, the accounting officer must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including -
- (a) the kind of goods or services; and
 - (b) the name of the supplier.

Range of procurement processes

12. (1) Goods and services may only be procured by way of –

- (a) petty cash purchases, up to a transaction value of R2000 (VAT included);
 - (b) written or verbal quotations for procurements of a transaction value over R2000 up to R10 000 (VAT included);
 - (c) formal written price quotations for procurements of a transaction value over R 10 000 up to R200 000 (VAT included); and
 - (d) a competitive bidding process for–
 - (i) procurements above a transaction value of R200 000 (VAT included); and
 - (ii) the procurement of long term contracts.
- (2) The accounting officer may, in writing-
- (a) lower, but not increase, the different threshold values specified in subparagraph (1); or
 - (b) direct that –
 - (i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2000;
 - (ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000; or
 - (iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.
- (3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

General preconditions for consideration of written quotations or bids

13. A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –

(a) has furnished that provider's –

(i) full name;

(ii) identification number or company or other registration number; and

(iii) tax reference number and VAT registration number, if any;

(b) (i) In the case of transactions exceeding R 30 000, including VAT: a valid original Tax clearance certificate must accompany the bid documents unless the bidder is registered on the accredited supplier database of the municipality and the municipality has a valid original tax clearance certificate on record. The onus is on the bidder to ensure that the municipality has an original tax clearance certificate on record. If the South African Revenue Services (SARS) cannot provide a valid original tax clearance certificate; the bidder must submit a letter from SARS on an original SARS letterhead that their tax matters are in order.

(ii) if the bid of the preferred bidder is not supported by a valid original tax clearance certificate, either as an attachment to the bid documents or on record in the case of suppliers registered on the supplier database of the municipality, the municipality reserves the right to obtain such document, within a time as specified by the municipality, after the closing date to verify that the bidder's tax matters are in order. If no such document can be obtained, the bid will be disqualified; and

(c) has indicated –

(i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;

(ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in

- the service of the state, or has been in the service of the state in the previous twelve months; or
- (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

d) has indicated the status of the providers municipal accounts with Bitou Municipality, where applicable

Lists of accredited prospective providers

14. (1) The accounting officer must –

- (a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and
- (b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
- (c) ensure that prospective providers meet the following listing criteria:**
 - i) provider not listed on the List of Restricted Suppliers;**
 - ii) provider not listed in the Register of Tender Defaulters**
 - iii) tax matters of provider are in order**
- (d) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.

- (2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services.

Prospective providers must be allowed to submit applications for listing at any time.

(3) The list must be compiled per commodity and per type of service.

(4) Once a list has been compiled per commodity and per type of service, price quotations will be invited from the suppliers in a manner that promotes ongoing competition, including on a rotation basis.

(5) The inclusion of any supplier in the database of suppliers does not exempt the supplier from the obligation to respond in the prescribed manner to notices of the municipality's supply chain management requirements.

(6) Suppliers who wish to be included in the list of accredited suppliers without waiting for the next invitation may approach the Procurement Section for inclusion, provided that they supply the necessary documentation and information for evaluation. Once these requirements have been satisfied, the Procurement Section will ensure that the prospective supplier is evaluated and will provide a response as to approval or not within a reasonable time.

Petty cash purchases

15. The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12 (1) (a) of this Policy, are as follows –

a manager may delegate responsibility for petty cash to an official reporting to the manager on the following terms:

- Only a manager must approve or authorize the petty cash voucher
- Authorized petty cash voucher with the slip must be filed and recorded in a petty cash register
- Petty cash box must be always locked in a safe when it is not in use

- The Accountant: Expenditure will verify the petty cash reconciliation every time it is replenished
 - The manager will make surprise inspections of the petty cash as he/she deems fit but at least once a month.
- (b) cash purchases is limited to an amount of R200,00 per transaction
- (c) salary related expenditure are excluded from the petty cash; and
- (d) a monthly reconciliation report from each manager must be provided to the chief financial officer, including –
- (i) the total amount of petty cash purchases for that month; and
 - (ii) receipts and appropriate documents for each purchase.

Written or verbal quotations

16. The conditions for the procurement of goods or services through written or verbal quotations are as follows:

- (a) Quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
- (b) to the extent feasible, providers must be requested to submit such quotations in writing;
- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer;
- (d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
- (e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

(2) Quotations must:

(a) be signed by a person with the necessary authority to act on behalf of the prospective supplier;

(b) comply with the specifications set out in the quotation notice;

(c) be marked for identification in relation to the particular quotation.

(d) comply with the following requirements:

- **a quotation number**
- **date issued**
- **trading name of bidder**
- **residential business address**
- **name of the manager / owner**
- **contact details of the business**
- **VAT number of the prospective supplier if the supplier is registered for VAT**
- **VAT number of the municipality if the supplier is registered for VAT**
- **description and quantity of goods / services quoted for**
- **price exclusive of VAT**
- **VAT amount**
- **total amount quoted**
- **validity of the quotation**
- **quotation to be endorsed by the bidder**

Formal written price quotations

17. (1) The conditions for the procurement of goods or services through formal written price quotations are as follows:

- (a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality;
- (b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and
- (d) the accounting officer must record the names of the potential providers and their written quotations.

(2) Quotations must:

- (a) be in writing, and signed by a person with the necessary authority to act on behalf of the prospective supplier;**
- (b) comply with the specifications set out in the quotation notice;**
- (c) be marked for identification in relation to the particular quotation.**
- (d) comply with the following requirements:**
 - **a quotation number**
 - **date issued**
 - **trading name of bidder**
 - **residential business address**
 - **name of the manager / owner**
 - **contact details of the business**
 - **VAT number if the supplier is registered for VAT**
 - **VAT number of the municipality if the supplier is registered for VAT**
 - **Description and quantity of goods / services quoted for**
 - **Price exclusive of VAT**

- VAT amount
- Total amount quoted
- Validity of the quotation
- Quotation to be endorsed by the bidder

(3) A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

Procedures for procuring goods or services through written or verbal quotations and formal written price quotations

18. The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations is as follows:

- (a) when using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
- (b) all goods and services ranging from R10 001 to R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least three days on an official notice board of the municipality.**
- (c) all **goods and services** in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website and an official notice board of the municipality;
- (d) machinery /vehicles and equipment where defects can not be detected externally and the machinery/vehicles / equipment have to be dismantled to identify the defect , no additional quotations**

have to be invited for the repair of machinery / equipment in question;

- (e) where the machinery / equipment is provided and maintained by an exclusive / sole supplier, only one quotation from that supplier may be invited;
- (f) where dignatories and guests of the Council are entertained by Councillors and Management at restaurants, no quotations need to be obtained, providing that sufficient budgetary provision exists and the expenditure is within delegated authority.
- (g) where legal assistance is provided by a member on the approved panel of jurists, no quotations need to be obtained.
- (h) where advertisements need to be placed in a newspaper with a national circulation, only one quotation per one of the official languages needs to be obtained, subject to the communication policy of the Council.
- (i) re-imbursements to personnel are subject to emergency situations only, and have to be authorized by the relevant Head of the department as well as the Chief financial Officer,
- (j) Where accommodation is required, and the accommodation is situated where the conference/meeting/activity is presented, no quotations are required subject to the S&T policy of Council.
- (i) offers received must be evaluated on a comparative basis taking into account unconditional discounts;
- (j) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub delegation;
- (k) offers below R30 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;

(l) acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;

(g) requirements for proper record keeping such as:

- filing of documents for audit purposes;
- ensure the correctness of documents;
- before awards proper checking of documents must be done.

(2) Notwithstanding the above requirements for consideration, quotations not to specification may not be accepted

(3) Only quotations complying with the specifications will be considered to be accepted, provided that there are sufficient funds within the appropriate budget.

(4) Where no quotation complies with the specification, as determined by the Head of the Department, the SCM Manager will recall for quotations

Competitive bids process

19. (1) Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.

(2) The bid documentation will be prepared by the SCM Manager in consultation with the relevant directorate and displayed on notice boards, placed on the council's website, and advertised in commonly circulated local and/or provincial newspapers with a closing date of at least 14 days after the date that the advertisement first appears.

(3) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or

items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

Process for competitive bidding

20. The procedures for the following stages of a competitive bidding process are as follows:

- (a) Compilation of bidding documentation as detailed in paragraph 21;
- (b) Public invitation of bids as detailed in paragraph 22;
- (c) Site meetings or briefing sessions as detailed in paragraph 22;
- (d) Handling of bids submitted in response to public invitation as detailed in paragraph 23;
- (e) Evaluation of bids as detailed in paragraph 28;
- (f) Award of contracts as detailed in paragraph 29;
- (g) Administration of contracts
 - (i) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.
- (h) Proper record keeping
 - (i) Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.

Bid documentation for competitive bids

21. The criteria with which bid documentation for a competitive bidding process must comply, must –

- (a) take into account –
 - (i) the general conditions of contract and any special conditions of contract, if specified;
 - (ii) any Treasury guidelines on bid documentation; and

- (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
- (b) include the preference points system to be used , goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) include the compulsory submission of B-BBEE status level verification certificates or certified copies thereof;**
- (d) include evaluation and adjudication criteria, including any criteria required by other applicable legislation**
- (e) include evaluation criteria for measuring of functionality (where applicable)**
- (f) include conditions for sub-contracting according to applicable legislation**
- (g) ensure that:**
 - (i) the preferred bidders tax matters are in order;**
 - (ii) the names of the preferred bidders and their directors / trustees /shareholders are not listed on the Register for Tender Defaulters and the List of Restricted Suppliers; and**
 - (iii) a due diligence process is conducted to determine whether the preferred bidders have the capability and ability to execute the contract**
- (e) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (e) If the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–
 - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements
 - (aa) for the past three years; or
 - (bb) since their establishment if established during the past three years;

- (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
- (f) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.
- g) a requirement to supply tax references, tax clearance certificates, VAT registration numbers and identification or registration numbers;**
- (h) details of any contracts above R200 000 carried out on behalf of The municipality within the last five years;**
- (i) contract management processes and procedures including provision for the Accounting Officer to cancel the contract on the grounds of unsatisfactory performance;**
- (k) any other matters as required by the MFMA and the Supply Chain Management Regulations;**

Public invitation for competitive bids

- 22.** (1) The procedure for the invitation of competitive bids is as follows:

- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
- (b) the information contained in a public advertisement, must include –
 - (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;
 - (ii) a statement that bids may only be submitted on the bid documentation provided by the municipality; and
 - (iii) date, time and venue of any proposed site meetings or briefing sessions.;
- (2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- (3) Bids submitted must be sealed.
- (4) **Where bids are requested in electronic format, bids must be addressed to the Supply Chain office. All bids in electronic format must be supplemented by sealed hard copies.**

(5) For a bid to be considered it must comply with all the requirements of the bid documentation and be placed in the official tender box located at the SCM section in Marine Drive.

(6) The council charges a non-refundable deposit for provision of bid documents. This is subject to annual review. Values of the deposits will be determined annually and included in the official lists of tariffs.

(7) The Chief Financial Officer or delegated official will ensure that tender boxes are sealed until the time of their official opening, and ensure that they are properly secured.

(8) At the advertised time, the tender box will be unlocked by officials from the SCM section. A Supply Chain Management official will open bid documents i.e. in the presence of the bidders or other interested parties. The tender box can be opened without any members of public being present provided that the appropriate procedure for advertising the time and venue has been followed. Unmarked or incorrectly marked tenders will not be opened

(9) The names and total bid amounts will be read out and recorded in the tender register, which will be available for public inspection on request. A copy of the record must be kept in the SCM Manager's and a complete schedule provided as soon as is practical. Bid results will be published on the municipality's web site.

Procedure for handling, opening and recording of bids

23. The procedures for the handling, opening and recording of bids, are as follows:

- (a) Bids–

- (i) must be opened only in public;
 - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
 - (iii) received after the closing time should not be considered and returned unopened immediately.
- (a) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
 - (b) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
 - (d) The accounting officer must –
 - (i) record in a register all bids received in time;
 - (ii) make the register available for public inspection; and
 - (iii) publish the entries in the register and the bid results on the website.

Negotiations with preferred bidders

- 24.** (1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –
- (a) does not allow any preferred bidder a second or unfair opportunity;
 - (b) is not to the detriment of any other bidder; and
 - (c) does not lead to a higher price than the bid as submitted.
- (2) Minutes of such negotiations must be kept for record purposes.

Two-stage bidding process

- 25.** (1) A two-stage bidding process is allowed for –

- (a) large, complex projects;
 - (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
 - (c) long term projects with a duration period exceeding three years.
- (2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- (3) In the second stage final technical proposals and priced bids should be invited.

Committee system for competitive bids

26. (1) The accounting officer is required to-

- (a) establish a committee system for competitive bids of at least a-
 - (i) a bid specification committee;
 - (ii) a bid evaluation committee; and
 - (iii) a bid adjudication committee.
 - (b) The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and
 - (c) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- (2) The committee system must be consistent with –
- (a) paragraph 27, 28 and 29 of this Policy; and
 - (b) any other applicable legislation.

- (3) The accounting officer may apply the committee system to formal written price quotations.

27. Bid specification committees

- (1) The bid specification committee must compile the specifications for each procurement of goods or services by the municipality.

- (2) Specifications –

- (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
 - (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organization, or an authority accredited or recognized by the South African National Accreditation System with which the equipment or material or workmanship should comply;
 - (c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
 - (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;
 - (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;
 - (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and

- (g) must be approved by the Chairperson of the bid specification committee prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.
- (3) A bid specification committee must be composed of one or more officials of the municipality, preferably the manager responsible for the function involved **should at least be represented**, and may, when appropriate, include external specialist advisors.
- (4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.
- (5) **Attendance of the relevant Project manager is compulsory,**
- (6) The quorum for each meeting of the specification committee is 50% of the members plus one. One member from the SCM Unit and one member of the directorate as minimum.**
- (7) A member of the specification committee can also be a member of either the bid evaluation or Bid Adjudication Committee (but not both committees) that considers any of the bids for the same goods or services**
- (8) The specifications must be approved by the Accounting Officer, or the official delegated by the Accounting Officer, prior to advertisement of the bid. In the absence of the Accounting Officer this may be delegated to the Acting Municipal Manager or the Chief Financial Officer.**

Bid evaluation committees

28. (1) The bid evaluation committee must –

- (a) evaluate bids in accordance with –
 - (i) the specifications for a specific procurement; and
 - (ii) the points system set out in terms of paragraph 27(2)(f);
- (b) evaluate each bidder's ability to execute the contract;
- (c) **consider the prescripts of the Preferential Procurement Policy Framework Act**
- (d) check in respect of the **each bidder** whether municipal rates and taxes and municipal service charges are not in arrears,
- (e) **Check in respect of each bidder that taxation matters are in order and;**
- (f) **may use the following remedies where a bidder does not comply to any or certain requirements –**
 - (i) **disqualify bidders from the bidding process;**
 - (ii) **recover all costs, losses or damages the municipality has suffered from the bidder's non compliance;**
 - (iii) **claim any damages as a result of having to make less favourable arrangements**
- (g) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.

(2) A bid evaluation committee must as far as possible be composed of-

- (a) officials from departments requiring the goods or services; and
- (b) at least one supply chain management practitioner of the municipality,
- (c) **Technical experts, consultants or advisors, provided that these experts can only actively contribute to discussions, and not vote on the items**

- (c) The quorum for each meeting of the Bid Evaluation Committee is 50 % of the members plus one, provided that one is the supply chain management practitioner.
- (d) Attendance of the relevant project manager is compulsory'
- (e) Members cannot serve on any adjudication committee (s) that adjudicates on any of the same items that they have considered on the evaluation committee (s).
- (f) Notwithstanding the above requirements for consideration, bids not according to specification may not be accepted and the evaluation committee must recall for tenders if necessary.

Bid adjudication committees

- 29. (1) The bid adjudication committee must –
 - (a) consider the report and recommendations of the bid evaluation committee; and
 - (b) either –
 - (i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
 - (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.
- (2) The bid adjudication committee must consist of at least four senior managers of the municipality which must include –
 - (a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and

- (b) at least one senior supply chain management practitioner who is an official of the municipality; and
- (c) a technical expert in the relevant field who is an official, if such an expert exists.

(d) attendance of the requesting HOD is compulsory,

- (3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- (4) **The quorum for each meeting of the Bid Adjudication Committee is 50 % of the members plus one**
- (5) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- (6) (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –
 - (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears,
 - (ii) check in respect of the preferred bidder whether the bidder's taxation matters are in order,**
 - (iii) notify the accounting officer.
- (b) The accounting officer may –
 - (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
 - (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.

- (7) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
- (8) The accounting officer must comply with section 114 of the Act within 10 working days.
- (9) **All approved bids will be listed on the municipality's website in the week following their approval, for a period of 7 days.**

Procurement of banking services

- 30.** (1) A contract for banking services –
- (a) must be procured through competitive bids;
 - (b) must be consistent with section 7 or 85 of the Act; and
 - (c) may not be for a period of more than five years at a time.
- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- (3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

Procurement of IT related goods or services

- 31.** (1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.

- (2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- (3) The accounting officer must notify SITA together with a motivation of the IT needs if –
 - (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
 - (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- (4) If SITA comments on the submission and the municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

Procurement of goods and services under contracts secured by other organs of state

- 32.** (1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –
- (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
 - (b) there is no reason to believe that such contract was not validly procured;
 - (c) there are demonstrable discounts or benefits to do so; and
 - (d) that other organ of state and the provider have consented to such procurement in writing.
- (2) Subparagraphs (1)(c) and (d) do not apply if –

- (a) a municipal entity procures goods or services through a contract secured by its parent municipality; or
- (b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

Procurement of goods necessitating special safety arrangements

33. (1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.

(2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

Proudly SA Campaign

34. The municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:

- Firstly – suppliers and businesses within the municipality or district;
- Secondly – suppliers and businesses within the relevant province;
- Thirdly – suppliers and businesses within the Republic.

Appointment of consultants

35. (1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.

- (2) Consultancy services must be procured through competitive bids if
 - (a) the value of the contract exceeds R200 000 (VAT included); or
 - (b) the duration period of the contract exceeds one year.
- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –
 - (a) all consultancy services provided to an organ of state in the last five years; and
 - (b) any similar consultancy services provided to an organ of state in the last five years.
- (4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.
- (5) **The appointment of advisors must also follow the same competitive bidding process as set out in this Policy.**
- (6) **No advisor will take any part in the final decision-making process regarding the award of bids.**
- (7) **No decision-making authority can be delegated to an advisor.**

Deviation from, and ratification of minor breaches of, procurement processes

36. (1) The accounting officer may –
- (a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only

–

- (i) in an emergency which is considered an unforeseeable and sudden event with materially harmful or potentially materially harmful consequences for the municipality which requires urgent action to address.
- (ii) where it can be demonstrated that goods or services are produced or available from a single provider only;
- (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
- (iv) acquisition of animals for zoos and/or nature and game reserves; or
- (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
- (b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

(2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.

(3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

Unsolicited bids

- 37.**(1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.
- (2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –

- (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
 - (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
 - (c) the person who made the bid is the sole provider of the product or service; and
 - (d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.
- (3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –
 - (a) reasons as to why the bid should not be open to other competitors;
 - (b) an explanation of the potential benefits if the unsolicited bid were accepted; and
 - (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- (4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.
- (5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.
- (6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- (7) When considering the matter, the adjudication committee must take into account –
 - (a) any comments submitted by the public; and
 - (b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.

- (8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- (9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

Combating of abuse of supply chain management system

38. (1) The accounting officer must–

- (a) take all reasonable steps to prevent abuse of the supply chain management system;
- (b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
 - (i) take appropriate steps against such official or other role player; or
 - (ii) report any alleged criminal conduct to the South African Police Service;
- (c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
- (d) **take cognizance of the provisions of Chapter 2 of the Competition Act no 89 of 1998, with specific reference to:**
 - (i) restrictive practices;**
 - (ii) abusive of a dominant position and**
 - (iii) exemption from application of chapter 2 of the Act.**
- (e) reject any bid from a bidder–

- (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality, or to any other municipality or municipal entity, are in arrears for more than three months; or
 - (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
- (f) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
- (g) cancel a contract awarded to a person if –
 - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
- (h) reject the bid of any bidder if that bidder or any of its directors –
 - (i) has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;
 - (ii) has been convicted for fraud or corruption during the past five years;
 - (iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
- (2) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).
- (3) **has been in contravention of the Competition Act no 89 of 1998.**

- (i) No person placing a procurement requisition for goods or Services shall knowingly understate the requirements of the estimated value with the intention of avoiding a more stringent procurement process. This includes the deliberate splitting of requirements to reduce individual order values. Procurement is limited to R200 000 per commodity type per month unless a competitive bidding process has been undertaken. The Municipal Manager shall promptly institute disciplinary action against any person infringing this requirement.
- (j) No official shall engage in contact with a prospective supplier in respect of a quotation or tender which the supplier intends to submit except where clarification of requirements is required from either party, or where the Accounting Officer may negotiate with identified preferred bidders. Any such communication must be recorded and appropriately filed with the bid documentation.
- (k) The Accounting Officer may, where a bidder has contravened the prescriptions of the Competition Act no 89 of 1998 –
 - (i) recover all costs, losses or damages the Municipality suffered as a result of the bidder's conduct;
 - (ii) cancel the contract and claim any damages which the Municipality has suffered as a result of having to make less favorable arrangements due to such cancellation;
 - (iii) restrict the bidder or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis;
 - (iv) forward the matter for criminal prosecution.
- (4) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e)(f) or 2 of this policy.

Part 3: Logistics, Disposal, Risk and Performance Management

Logistics management

39. The accounting officer must establish and implement an effective system of logistics management, which must include -

- (a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- (b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- (d) before payment is approved , certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- (e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- (f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- (g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.
- (h) monitoring and review of the distribution of items,**
- (i) monitoring and review of losses and surpluses.**

Disposal management

- 40.** (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets will be subject to sections 14 and 90 of the Act, and asset transfer regulations;
- (2) Assets may be disposed of by –
- (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
 - (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
 - (iii) selling the asset; or
 - (iv) destroying the asset.
- (3) The accounting officer must ensure that –
- (a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
 - (b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
 - (c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
 - (d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
 - (e) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
 - (f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
 - (g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30

days whether any of the local schools are interested in the equipment.

Risk management

41. (1) The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, are as follows:

(2) Risk management must include –

- (i) the identification of risks on a case-by-case basis;
- (ii) the allocation of risks to the party best suited to manage such risks;
- (iii) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
- (iv) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
- (v) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

(3) The accounting officer must ensure that risks are identified utilizing the following methods –

(i) Focus group sessions;

(ii) Personal interviews;

(iii) Questionnaires;

(iv) Audit reports analysis;

(v) Statistical analysis of related risk data;

(vi) Trend analysis;

(vii) Scenario analysis; and

(viii) Forecasting methodologies.

- (4) The accounting officer must ensure that a risk register is implemented consisting of the following –
- (i) Each risks identified with a unique number;
 - (ii) Description of the risk;
 - (iii) Assessment of occurrence or likelihood and its impact if it does;
 - (iv) Grading of risk;
 - (v) Responsibility for managing the risk; and
 - (vi) Proposed mitigation processes.
- (5) The accounting officer must ensure that all risks are assessed and indicating the magnitude of the risk as well as the probability of occurrence;
- (6) The accounting officer must ensure that a risk strategy is implemented which may include the following-
- (i) avoiding the risk by eliminating the action;
 - (ii) treating the risk, how the risk can be prevented and if it were to occur how the impact can be minimized;.
 - (iii) transfer or outsource the risk;
 - (iv) tolerate the risk.
- (7) The accounting officer must ensure that all risk related matters are reported and that a communication plan which may consist of the following is implemented –
- (i) responsibility for the communication;
 - (ii) frequency of communication;
 - (iii) format of communication;
 - (iv) record of communication.

Performance management

42. (1) The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved;
- (2) **The accounting officer must ensure that the following issues are reported on a quarterly basis –**
- (i) **Achievement of preferential procurement goals and objectives;**
 - (ii) **Implementation of the supply chain management policy of the municipality;**
 - (iii) **Compliance to SCM norms and standards such as the municipal supply chain management regulations, National Treasury's model policy, standard bid documents and the general conditions of contract;**
 - (iv) **Savings generated, amongst others, by arranging contracts for the purpose of developing economies of scale;**
 - (v) **Stores efficiency, (the proper layout of stores through clear bin locations and bin numbering, promptly satisfying the users requirements, etc)**
Contract breach either by the municipality or contractors;
 - (vi) **Cost efficiency of the procurement process;**
 - (vii) **That the supply chain objectives are consistent with Government's broader policy focus on trade, small business development, anti-corruption measures and the proudly South African.**

Part 4: Other matters

Prohibition on awards to persons whose tax matters are not in order

43. (1) No award above **R30 000** may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.

(2) Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.

(3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.

Prohibition on awards to persons in the service of the state

44. Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –

- (a) who is in the service of the state;
- (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is –

(i) a member of any municipal council, any provincial legislature or the National Assembly or the National Council of Provinces;

(ii) an official of any municipality;

(iii) an employee of any national or provincial department, national or provincial public entity or constitutional institution

within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);

(iv) a member of the board of directors of any municipal entity;

(v) a member of the accounting authority of any national or provincial public entity;

- (c) a person who is an advisor or consultant contracted with the municipality.

Awards to close family members of persons in the service of the state

45. The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –
- (a) the name of that person;
 - (b) the capacity in which that person is in the service of the state; and
 - (c) the amount of the award.

Ethical standards

46. **All officials involved in supply chain management for the municipality must comply with the Code of Conduct prescribed in the Municipal Systems Act, the Supply Chain Management Framework and the Code of Conduct for Supply Chain Management when prescribed**

A code of ethical standards is hereby established for officials and other role players in the Supply Chain Management System in order to promote –

- a. mutual trust and respect; and

- b. an environment where business can be conducted with integrity and in a fair and reasonable manner.
- (2) An official or other role player involved in the implementation of the Supply Chain Management Policy:
- (a) must treat all providers and potential providers equitably;
 - (b) may not use his or her position for private gain or to improperly benefit another person;
 - (c) may not accept any rewards, gift, favour, hospitality or other benefit directly, including to any close family member, partner or associate of that person, of a value more than R350;
 - (d) notwithstanding sub-section 48(2)(c), must declare to the Accounting Officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
 - (e) must declare to the Accounting Officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the Municipality;
 - (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
 - (g) must be scrupulous in his or her use of property belonging to the Municipality;
 - (h) must assist the Accounting Officer in combination fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and

- (i) must report to the Accounting Officer any irregular conduct in the supply chain management system which that person may become aware of, including –
 - i. any alleged fraud, corruption, favouritism or unfair conduct
 - ii. any alleged contravention of section 49(1) of this Policy; or
 - iii. any alleged breach of this of this code of ethical standards.
- (3) Declarations in terms of sub-sections 49 (2) (d) and (e)-
 - (a) must be recorded in a register which the Accounting Officer must keep for this purpose;
 - (b) by the Accounting Officer must be made to the Mayor of the Municipality who must ensure that such declarations are recorded in the register.
- (4) The National Treasury Code of Conduct must also be taken into account by supply chain management practitioners and other role players involved in supply chain management.
- (5) The National Treasury Code of Conduct for Supply Management Practitioners, attached as Annexure A, is adopted by the Municipality and shall apply mutatis mutandis to and be binding on supply chain management of the Municipality.
- (6) A breach of the code of conduct adopted by the Municipality must be dealt with in accordance with Schedule 1 (code of Conduct for Councilors) and Schedule 2 (Code of Conduct for Municipal Staff Members) of the Municipal Systems Act, No 32 of 2000.

Inducements, rewards, gifts and favours to municipalities, officials and other role players

- 47.** (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –

- (a) any inducement or reward to the municipality for or in connection with the award of a contract; or
- (b) any reward, gift, favour or hospitality to –
 - (i) any official; or
 - (ii) any other role player involved in the implementation of this Policy.

(2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

(3) Subparagraph (1) does not apply to gifts less than R350 in value.

Sponsorships

48. The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –

- (a) a provider or prospective provider of goods or services; or
- (b) a recipient or prospective recipient of goods disposed or to be disposed.

Objections and complaints

49. Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

Resolution of disputes, objections, complaints and queries

50. (1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes –

(a) to assist in the resolution of disputes between the municipality and other persons regarding -

(i) any decisions or actions taken in the implementation of the supply chain management system; or

(ii) any matter arising from a contract awarded in the course of the supply chain management system; or

(b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

(c) Suppliers must provide details of the reasons for their appeal including any non-compliance with this Policy, the MFMA and related legislation. The Accounting Officer shall provide written acknowledgement of the receipt of appeals to the appellant;

(d) If the appeal is based on a technically complex matter, the Accounting Officer may engage an impartial external advisor, provided that their engagement is compliant with this Policy and sufficient budgetary provision exists. The Accounting Officer is not bound by any opinion provided.

e) The Accounting Officer will decide if an appeal constitutes sufficient grounds for delay of procurement from the approved supplier, and if a delay is practical. If the Accounting Officer determines there are grounds for delay, the approved supplier will be advised in writing of the reasons for the delay.

(f) When a ruling on an appeal has been made, the Accounting Officer will advise the appellant in writing of the outcome.

- (2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- (3) The person appointed must –
 - (a) strive to resolve promptly all disputes, objections, complaints or queries received; and
 - (b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.
- (4) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if –
 - (a) the dispute, objection, complaint or query is not resolved within 60 days; or
 - (b) no response is forthcoming within 60 days.
- (5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.
- (6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

Contract Management

51. The Accounting Officer must ensure that -

- (1) **All bids and contracts are subject to the General Conditions of Contract and any Special Conditions of Contract, if specified;**
- (2) **All contracts must be based on the General Conditions of Contract, issued by the National Treasury. Any aspect not covered by the General Conditions of Contract must be dealt with in the Special Contract Conditions;**
- (3) **Matters such as attendance of compulsory site meetings, briefing sessions and special delivery conditions must be covered in the**

Special Conditions of Contract with the proviso that the standard wording of the General Conditions of Contract should not be amended;

- (4) The General Conditions of Contract, International Federation of Consulting Engineers (FIDIC) regulations and the Joint Building Contracts Committee (JBCC) guidelines issued by the Construction Industry Development Board are utilized in cases of bids related to the construction industry;**
- (5) Where the Special Conditions of Contract is in conflict with the General Conditions of Contract, the Special Conditions of Contract will prevail;**
- (6) These conditions must form an integral part of the bidding documents.**

Contracts providing for compensation based on turnover

- 52.** If a service provider acts on behalf of a municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate –
- (a) a cap on the compensation payable to the service provider; and
 - a. that such compensation must be performance based.

Commencement

- 53.** This Policy takes effect on

ANNEXURE A



**NATIONAL TREASURY
REPUBLIC OF SOUTH AFRICA**

Private Bag X115, Pretoria, 0001 Tel: +27 12 315 5111, Fax: +27 12 315 5234
Enquiries: J Soobramanian Ref: 3/4/3/2/10 Tel: 315 5336 Fax: 326 5445
e-mail: jeyrel.soobramanian@treasury.gov.za

**TO ALL
ACCOUNTING OFFICERS: NATIONAL DEPARTMENTS
HEADS: PROVINCIAL TREASURIES
CHIEF FINANCIAL OFFICERS: PROVINCIAL DEPARTMENTS
CHIEF EXECUTIVE OFFICERS / CHIEF FINANCIAL OFFICERS: CONSTITUTIONAL
INSTITUTIONS / PUBLIC ENTITIES**

**Supply Chain Management Office
Practice Note Number SCM 4 of 2003**

CODE OF CONDUCT FOR SUPPLY CHAIN MANAGEMENT PRACTITIONERS

In accordance with the Framework for Supply Chain Management (Section 76(4)(c) of the PFMA) that was promulgated in Government Gazette Number 25767 on 5 December 2003 as Treasury Regulations, National Treasury is required to issue a Code of Conduct for Supply Chain Management Practitioners that should be adhered to by all officials and other role players involved in supply chain management.

1. General Principles

- 1.1 The Government of South Africa commits itself to a policy of fair dealing and integrity in the conducting of its business. The position of a supply chain management (SCM) practitioner is, therefore, a position of trust, implying a duty to act in the public interest. Practitioners should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or supplier/contractor for themselves, their family or their friends.
- 1.2 Practitioners should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation and regulations including the Public Service Regulations issued by the Department of Public Service and Administration, National Treasury Regulations and Practice Notes and directives issued by accounting officers / authorities. They should ensure that public resources are administered responsibly.

- 1.3 Practitioners should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority vested in them.
- 1.4 Practitioners should comply with the Code of Conduct for the Public Service as contained in Chapter 2 of the Public Service Regulations, 2001 especially items C4.5 to C4.12 and C5.3 to C5.4 thereof.

2 Conflict of interest

- 2.1 SCM practitioners, to the extent required by their position, should declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest.
- 2.2 They should not place themselves under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties.
- 2.3 Practitioners should not take improper advantage of their previous office after leaving their official position.

3 Accountability

- 3.1 Practitioners are accountable for their decisions and actions to the public.
- 3.2 Practitioners should use public property scrupulously.
- 3.3 Only accounting officers / authorities or their delegates have the authority to commit the government to any transaction for the procurement of goods and/or services.
- 3.4 All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.

4 Openness

- 4.1 Practitioners should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only if it is in the public interest to do so.

5 Confidentiality

- 5.1 Any information that is the property of the government or its suppliers should be protected at all times. No information regarding any bid / contract / bidder / contractor may be revealed if such an action will infringe on the relevant bidder's / contractor's personal rights.
- 5.2 Matters of confidential nature in the possession of supply chain practitioners should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions should also apply after separation from service.

6 Bid Evaluation / Adjudication Teams

- 6.1 Bid evaluation / adjudication teams should regulate supply chain management on behalf of the institution in an honest, fair, impartial, transparent, cost-effective and accountable manner in accordance with the accounting officer's / authority's directives/delegated powers.
- 6.2 The evaluation / adjudication team may be authorized to deal with all supply chain management matters and finalize bids/price quotations in accordance with the directives/delegated powers of the accounting officer / authority.
- 6.3 Bid evaluation / adjudication teams should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.
- 6.4 All members of bid adjudication teams should be cleared at the level of "CONFIDENTIAL" and should be required to declare their financial interest annually.
- 6.5 No person should-
 - 6.5.1 interfere with the supply chain management system on an institution; or
 - 6.5.2 amend or tamper with any bid after its submission.

7 Combative Practices

- 7.1 Combative practices are unethical and illegal and should be avoided at all cost. They include but are not limited to:
 - (i). Suggestions to fictitious lower quotations;
 - (ii). Reference to non-existent competition;
 - (iii). Exploiting errors in bids;
 - (iv). Soliciting bids from bidders whose names appear on the list of restricted bidders/suppliers/persons.

Jan Breitenbach
JAN BREYTENBACH
 CHIEF DIRECTOR: NORMS AND STANDARDS
 5 DECEMBER 2003

BITOU MUNICIPALITY



DRAFT VIREMENT POLICY

AUTHORED BY: THE BUDGET OFFICE

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SECTION A: DEFINITIONS

1. **“Accounting officer”** The municipal manager of a municipality is the accounting officer of the municipality in terms of section 60 of the MFMA.
2. **“Approved budget”** means an annual budget approved by a municipal Council.
3. **“Budget-related policy”** means a policy of a municipality affecting or affected by the annual budget of the municipality.
4. **“Chief Financial Officer”** means a person designated in terms of the MFMA who performs such budgeting, and other duties as may in terms of section 79 of the MFMA be delegated by the accounting officer to the chief financial officer.
5. **“Capital Budget”** This is the estimated amount for capital items in a given fiscal period. Capital items are fixed assets such as facilities and equipment, the cost of which is normally written off over a number of fiscal periods.
6. **“Council”** means the council of a municipality referred to in section 18 of the municipal Structures Act.
7. **“Financial year”** means a 12-month year ending on 30 June.
8. **“Line Item”** means an appropriation that is itemized on a separate line in a budget adopted with the idea of greater control over expenditure.
9. **“Operating Budget”** The Town's financial plan, which outlines proposed expenditures for the coming financial year and estimates the revenues, used to finance them.
10. **“Ring Fenced”** an exclusive combination of line items grouped for specific purposes for instance salaries and wages.
11. **“Service Delivery and Budget Implementation Plan”** means a detailed plan approved by the mayor of a municipality in terms of section 53(1) (c) (ii) of the MFMA for implementing the municipality's delivery of municipal services and its annual budget.
12. **“Virement”** is the process of transferring an approved budget allocation from one operating line item or capital project to another, with the approval of the relevant Manager. To enable budget managers to amend budgets in the light of experience or to reflect anticipated changes.
13. **“Vote”** means one of the main segments into which a budget of a municipality is divided for the appropriation of funds for the different departments or functional areas of the municipality; and which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

SECTION B: ABBREVIATIONS

1. **CFO** – Chief Financial Officer
2. **IDP** – Integrated Development Plan
3. **MFMA** – Municipal Finance Management Act No. 56 of 2003
4. **SDBIP** - Service Delivery and Budget Implementation Plan

SECTION C: OBJECTIVE

To allow limited flexibility in the use of budgeted funds to enable management to act on occasions such as disasters, unforeseen expenditure or savings, etc. as they arise to accelerate service delivery in a financially responsible manner.

SECTION D: VIREMENT CLARIFICATION

Virement is the process of transferring ***budgeted*** funds from one line item number to another, with the approval of the relevant Manager and CFO, to enable budget managers to amend budgets in the light of experience or to reflect anticipated changes. (Section 28 (2) (c) MFMA)

SECTION E: FINANCIAL RESPONSIBILITIES

Strict budgetary control must be maintained throughout the financial year to ensure that potential overspends and / or income under-recovery within individual vote departments are identified at the earliest possible opportunity. (Section 100 MFMA)

The Chief Financial Officer has a statutory duty to ensure that adequate policies and procedures are in place to ensure an effective system of financial control. The budget virement process is one of these controls. (Section 27(4) MFMA)

It is the responsibility of each manager or head of a department or activity to which funds are allotted, to plan and conduct assigned operations so as not to expend more funds than budgeted. In addition, they have the responsibility to identify and report any irregular or fruitless and wasteful expenditure in terms of the MFMA sections 78 and 102.

SECTION F: VIREMENT RESTRICTIONS

- a) No funds may be viremented between departmental main segments / votes without prior Council approval.
- b) Virements may not exceed a maximum of **R500, 000 per vote per financial year** as periodically reviewed by Council.
- c) A virement may not create new policy, significantly vary from current policy, or alter the approved outcomes / outputs as approved in the IDP for the current or subsequent years. (section 19 and 21 MFMA)
- d) Virements resulting in adjustments to the approved SDBIP need to be submitted with an adjustments budget to the Council with altered outputs and measurements for approval. (MFMA Circular 13, page 3, paragraph 3)
- e) No virement may commit the Municipality to increase recurrent expenditure, which commits the Council's resources in the following financial year, without the prior approval of the Mayoral Committee. This refers to expenditures such as entering into agreements into lease or rental agreements such as vehicles, photo copiers or fax machines.
- f) No virement may be made where it would result in over expenditure. (Section 32 MFMA)
- g) No virement shall add to the **staff** establishment of the Municipality without the approval of the Municipal Manager.
- h) If the virement relates to an increase in the work force establishment, then the Council's existing recruitment policies and procedures will apply.
- i) Virements may not be made in respect of ring-fenced allocations.
- j) Budget allocations may not be transferred from support service (interdepartmental) costs, Capital financing, Depreciation, Contributions, Grant Expenditure and Income Foregone.
- k) Budget allocations may only be transferred from Salaries if approved by the CFO.
- l) Virements in capital budget allocations are only permitted within specified action plans and not across funding sources and must in addition have comparable asset lifespan classifications.

- m) No virements are permitted in the first three months or the final month of the financial year without the express agreement of the CFO.
- n) No virement proposal shall affect amounts to be paid to another Department without the agreement of the Manager of that Department as recorded on the signed virement form. (Section 15 MFMA)
- o) Virement amounts may not be rolled over to subsequent years, or create expectations on following budgets. (Section 30 MFMA)
- p) An approved virement does not give expenditure authority and all expenditure resulting from approved virements must still be subject to the procurement/supply chain management policy of Council as periodically reviewed.
- q) Virements may not be made between Expenditure and Income.

SECTION G: VIREMENT PROCEDURE

- a) All virement proposals must be completed on the appropriate documentation (See Annexure A) and forwarded to the relevant Finance Officer for checking and implementation.
- b) All virements must be signed by the Head of Department within which the vote is allocated. (Section 79 MFMA)
- c) A virement form (See Annexure A) must be completed for all Budget Transfers.
- d) Virements in excess of R 50,000 with a maximum of R **500,000** need approval of the Chief Financial Officer. (Section 79 MFMA)
- e) Virement proposals must include changes to the SDBIP.
- f) All documentation must be in order and approved before any expenditure can be committed or incurred. (Section 79 MFMA)
- g) The Municipal Manager will report to the Mayor on a quarterly basis on those virements that have taken place during that quarter.

SECTION H: SUPPLEMENTARY

This policy replaces any other policies or Council resolutions as far as they may refer to virements as defined in this policy.

Once agreed, the virement policy should form part of the Municipal Manager's formal delegations and Financial Regulations of the Municipality.

Transfers or adjustments falling outside the ambit of this policy must be submitted to the budget adjustment process in terms of section 69 of the MFMA.

Sources

Municipal Finance Management Act No. 56 Of 2003

MFMA Circular No.13 - Service Delivery and Budget Implementation Plan

Mark Pearson National Treasury Advisor

Airedale Primary Care Trust Budget Virement Policy: 2004-5 UK

George Mason

Virement Policy – Knysna Municipality

Annexure A**BITOU MUNICIPALITY****VIREMENT APPLICATION: OPERATING / CAPITAL BUDGET**

This form must be:

1. Completed in duplicate
2. Signed by both Vote Custodians
3. Signed by the Head of Department
4. Approved by the Chief Financial Officer (only applications >R50,000)

NOTE:

1. The maximum virement is R200,000.
2. The votes involved must be within the same Service and transfers to/from operating to capital are not allowed.
3. No virements are allowed in the first three months and the last month of the financial year.

TRANSFER REQUIRED: R..... BUDGET YEAR: 20..... / 20.....

	FROM	TO
DEPARTMENT		
SECTION		
VOTE DESCRIPTION		
VOTE NUMBER		
ORIGINAL/REVISED BUDGET PROVISION		
COMMITTED TO DATE (Excluding transfers)		
VOTE CUSTODIAN		

MOTIVATION:

.....

.....

.....

.....

.....

.....

.....

.....

.....
.....

SDBIP CHANGES:

Key Performance Indicator:

.....
.....

Cost to Budget: R

Target Date:

Quarterly Targets:

Quarter 1: (Indicate change from approved SDBIP)

Quarter 2: (Indicate change from approved SDBIP)

Quarter 3: (Indicate change from approved SDBIP)

Quarter 4: (Indicate change from approved SDBIP)

Monitoring Mechanisms:

.....
.....
.....
.....

VOTE CUSTODIAN (FROM)

Date:

VOTE CUSTODIAN (TO)

Date:

HEAD OF DEPARTMENT

Date:

FOR FINANCE DEPARTMENT USE

Checked by: Date: Manager: B & T

Approved by:Date: CFO (for all virements between R50, 000 and R500, 000)

Budget adjustment processed by: Date:

Authorised by: Date: Municipal Manager
(only when applicable in terms of Virement Policy)

BITOU MUNICIPALITY



DRAFT INVESTMENT AND CASH MANAGEMENT POLICY

INVESTMENT AND CASH MANAGEMENT POLICY

PREAMBLE

Whereas Section 32 of the Local Government: Municipal Financial Management Act, 2003 (Act no. 56 of 2003) stipulates that a municipality must implement applicable and efficient cash management and investment procedures;

And whereas the investment particulars of the municipality must be made public by the bank;

And whereas councillors and officials are obligated to ensure that cash assets are managed as effectively, efficiently and economically as possible;

Now therefore the Bitou Municipality accepts the following Investment and Cash Management Policy.

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BITOU MUNICIPALITY

INVESTMENT AND CASH MANAGEMENT POLICY

1. DEFINITIONS

In this investments and cash management policy, unless in consistence with the context, a word or expressions to which a meaning in the Act has been attached, means:-

- 1.1 “investments” funds not immediately required for the defraying of expenses and invested at approved financial institutions;
- 1.2 “current assets”
 - . Debtors;
 - . Cash
 - . Stock; and
 - . The short-term portion of long-term debtors;
- 1.3 “current liabilities”
 - . Creditors;
 - . Bank overdrafts; and
 - . The short-term portion of long-terms liabilities;
- 1.4 “The Chief Financial Officer” an officer of a municipality appointed by the municipal council to be administratively in charge of the budgetary and treasury functions;
- 1.5 “short-term portion of long-term debtors” the capital repayment of long-term debtors due and in arrears in the current financial year;
- 1.6 “short-term portion of long-term liabilities” the capital repayment of long-term loans due in the current financial year;
- 1.7 “Municipal Manager” a person appointed in terms Section 82 of the Municipal Structures Act, 1998 (Act 117 of 1998) as the head of the municipality’s administration;
- 1.8 “municipal stock” the stock certificates issued by the municipality proof of a long-term fixed loan of which the capital is payable at the end of the period while interest is payable at predetermined intervals at a fixed rate;
- 1.9 “net current assets” the difference between current assets and current liabilities;

- 1.10 “public funds” all monies received by the municipality to perform the functions allocated to them;
- 1.11 “councillor” a member of the municipal council; and
- 1.12 “negotiable certificate” a loan certificate, tradable on the capital market.

2. OBJECTIVE OF POLICY

The objectives of the cash and investment policy are:-

- 2.1 to manage the net current asset requirement of the municipality in such a manner that it will not tie up the municipality’s scarce resources required to improve the quality of life of the citizens;
- 2.2 to manage the financial affairs of the municipality in such a manner that sufficient cash resources are available to finance the capital and operating budgets of the municipality; and
- 2.3 to gain the highest possible return on investments during periods when excess funds are not being used, without unnecessary risk.

3. SCOPE OF THE POLICY

The policy deals with:

- . Responsibility/accountability;
- . Management of the net current assets;
- . Investments instructions;
- . Cash flow Estimates;
- . Investment ethics and principle;
- . Other external deposits;
- . Control over investments

4. RESPONSIBILITY/ACCOUNTABILITY

- 4.1 The Municipal Manager as the Accounting Officer of the municipality is accountable for cash management and investments.
- 4.2 The Municipal Manager may delegate the management of cash and investment to the Chief Financial Officer.

4.3 The municipal council must approve a policy directing procedures, processes and systems required to ensure efficient management of cash and investments.

4.4 Efficient and effective financial management include:-

- a) Collecting revenue when it is due.
- b) Banking and depositing monies when received.
- c) Making payments, including transfers to the other levels of government and non-government entities, no earlier than necessary, with due regard for efficient, effective and economical service delivery and the creditor's normal terms for accounts payments.
- d) Avoiding pre-payment for goods for services (e.g. payments in advance of receipt of goods or services), unless required by the contractual arrangements with the supplier.
- e) Accepting discounts to effect early payment only when payment has been included in the monthly cash flow estimates provided to the department of the Chief Financial Officer.
- f) Pursuing debtors with appropriate sensitivity and rigour to ensure that amounts receivable by the municipality are collected and banked promptly.
- g) Accurately forecasting the institution's cashflow requirements.
- h) Timing of the inflow and outflow of cash.
- i) Recognising the time value of money.
- j) Taking any other action that avoids locking up money unnecessarily and inefficiently, such as managing inventories to the minimum level necessary for efficient and effective programme delivery, and selling surplus or underutilised assets.
- k) Avoiding bank overdrafts.

5. MANAGEMENT OF NET CURENT ASSETS

Cash management includes the management of net current assets which entail:-

- . Debtors;
- . Cash;
- . Stock;
- . Short-term portion of long-term debtors;
- . Creditors;
- . Bank overdraft;
- . Provisions; and
- . Short-term portion of long-term liabilities.

5.1 Debtors

- a) The Municipal council must set a target for debt collection based on the performance of the Municipal Manager during the last financial year.

- b) The target must be expressed as a percentage of potential income and/or the turnover rate of debtors.
- c) All monies owing to the municipality must be correctly reflected in the debtors system.
- d) All funds due the Municipality must be collected timeously and banked on a on a daily basis.
- e) Large sums of money received must be deposited into the bank account on the same day that payments are received.
- f) Extensions for payment of rates and services charges must only be granted in terms of the municipality's credit control and debts collection by-law and in exceptional circumstances.
- g) Money collected by an agency on behalf of the municipality shall be paid over to the municipality and deposited into the bank account in a manner prescribed by the Municipal Manager (Daily deposit are preferable).

5.2 Cash

5.2.1 Money received over the counter

- a) Every amount of payment received by a cashier or other officer responsible for the receipt of money shall be acknowledged at once by the issue of numbered official receipt.
- b) Every receipt form for a cancelled receipt will be re-attached, in the correct place, in the receipt book.
- c) In the case of computer generated receipts, the original receipt form, for a cancelled receipt, must be filed for record purposes.

5.2.2 Money received by post

- a) When money (including postal orders and cheques) is received with the municipality's mail, the Registry Clerk shall record all payment remittances as and when received in the cheque register in the presence of a witness.
- b) Post-dated cheques received by the municipality must also be recorded in the cheque register.
- c) The cheque register together with all remittances received must be sent to a designated official in the finance section.
- d) The designated official, on the receipt of the cheque register together with the remittances, will code all remittances and submit it to the cashier for receipting.
- e) The cashier will receipt all remittances and issue official receipts to the designated official.
- f) The designated official will record all receipts in the cheque register and return same to the Registry Clerk.

- g) The Registry Clerk must ensure that all receipts are recorded in the cheque register.
- h) All documents relating to remittances received in the mail must be filed for audit purposes.
- i) A separate register for post-dated cheques must be maintained by the Registry Clerk and all post-dated cheques must be stored in the registry strong room.
- j) The Registry Clerk will ensure that all post-dated cheques, which become due, are sent promptly to the designated official for receipting and recording of receipts in the post-dated cheque register.

5.2.3 Management of Cash

- a) The cash holding of the municipality must be kept at a minimum level required to finance the day to day operations of the municipality.
- b) Daily, weekly, monthly and annual cash flow forecast must be maintained.

5.3 Stock

- a) Adequate stock control must be exerted over all goods kept in stock.
- b) Minimum stock levels, reordering procedures, turnover rate of stock items must be reviewed quarterly to ensure that funds are not unnecessarily tied up in stock.
- c) A stock register, reflecting the under-mentioned detail must be kept and updated daily:-
 - (i.) Item description;
 - (ii.) Stored code numbers;
 - (iii.) Transaction date;
 - (iv.) Goods received:-
 - . Goods delivery note number;
 - . Number of items received; and
 - . Value of items received.
 - (v.) Balance of items in stock.
- d) Stock counts must be **executed quarterly** and an annual report reflecting stock shortages or surpluses must be submitted to council **after each quarter and upon the finalisation of the annual financial statements** of each financial year.
- e) All surpluses and shortages must be explained by the head accountable for the department.

5.4 Short-term portion of long-term debtors

- a) Debtors outstanding relating to long-term debtors must be treated as any other outstanding account for rates and services charges.

5.5 Creditors

- a) Payments to creditors must be limited to one payment per creditor per month.
- b) Discounts for early settlements must be considered and utilised to the benefit of the municipality.
- c) Credit statements must be reconciled monthly.
- d) Payments must only occur on **presentation of** official orders; certified goods received notes and company invoices.

5.6 Bank overdraft

- a) A bank overdraft may only be obtained in anticipation of a positive income stream or to finance capital projects in anticipation of an approved capital grant or long-term loan.
- b) The bank overdraft must be repaid by the end of the financial year.
- c) The council can only approve a bank overdraft on the submission of a cash flow statement indicating the anticipated income stream or a certificate stating the approval grant or long-term loan.

5.7 Provisions

- a) Provisions for known short-term liabilities must be made for each order issued.
- b) Sufficient cash must be available when payments are due.

5.8 Short-term portion of long-term liabilities

- a) Loan instalments due in the current financial year must be provided for in the financial statements.
- b) Sufficient cash must be available when payments are due.

6. INVESTMENT INSTRUMENTS

6.1 The Minister of Provincial and Local Government may with the concurrence of the Minister of Finance by notice in the Gazette determine investment structures other than those referred to below in which a municipality may invest:-

- a) Deposits with banks registered in terms of the Banks Act, 1990 (Act no. 94 of 1990);
- b) Securities issued by the National Government;
- c) Investments with the Public Investment Commissioners as contemplated by the Public Act, 1984 (Act no. 46 of 1984);
- d) A municipality's own stock or similar type of debt, internal funds of a municipality which have been established to pool money available to the municipality and to employ such money for the granting of loans or advances to departments within a municipality, to finance capital expenditure;
- e) Bankers' acceptance certificates or negotiable certificates or deposits or banks;

- f) Long-term securities offered by insurance companies in order to meet the redemption fund requirements of municipalities; and
- g) Any other instrument or investments in which a municipality was under a law permitted to invest before the commencement of a Local Government Transition Act, 1996: provided that such instruments shall not extend beyond the date of maturity or redemption thereof.

7. CASHFLOW ESTIMATES

7.1 Before money can be invested, the Chief Financial Officer or his/her delegate must determine whether there will be surplus funds available for the term of the investment.

7.2 In order to be able to make investments for a fixed term, it is essential that cash flow estimates be drawn up.

7.3 Provisions must be made in the cash flow estimates for operating and capital requirements of the municipality:

a) The operating requirements must include provisions for:-

- (i.) Payment of monthly salaries;
- (ii.) Payment of bulk purchases of electricity and water;
- (iii.) **Repayment of** long-term loans;
- (iv.) Maintenance of assets;
- (v.) General expenditure;
- (vi.) Expected daily and monthly income.

b) Capital requirement must provide for:-

- (i) The anticipated cash flow requirements for each capital project.

8. INVESTMENT ETHICS AND PRINCIPLES

8.1 The Municipal Manager or his/or delegate will be responsible for the investment of funds, and he/she has to steer clear of outside interference, regardless of whether such interference from individual councillors, agents, or other institutions.

8.2 Under no circumstances may he/she be forced or bribed into making an investment.

8.3 No member of staff may accept any gift unless that gift can be deemed so small that it would not have an influence on his/her work or was not intended to so, and can merely be seen as goodwill.

8.4 A certificate in respect of any gifts received should be furnished to the council.

8.5 Interest rates should never be divulged to another institution.

8.6 Long-term investments should be made with financial institutions with at least a minimum BBB rating (where BBB refers to lower risk institutions).

8.7 Short-term investments should be made with financial institutions with at least a minimum B rating (where B refers to higher risk institutions).

8.8 Where practical and to mitigate risk and limit exposure, not more than 50% of the municipality's available funds should be placed with a single financial institution.

8.9 The amount invested with a financial institution should not exceed 10% of the relevant institutions shareholder's funds (Capital and Reserves).

8.10 The municipality may not borrow money for reinvestment, as this would mean interest rates have to be estimated in advance, which can be seen as speculation with public funds

8.11 If the Municipal Manager or his/her delegate invests with financial institutions, he/she must ensure that such institutions are registered in terms of the Banks Act, (Act 94 of 1990) and that they are approved financial institutions, as approved by the Reserve Bank from time to time.

8.12 When the Municipal Manager or his/her delegate makes an investment it must be guaranteed that at least the capital amount invested is safe, and due diligence must be exercised in this regard.

9. INVESTMENT PROCEDURES

After determining whether there is cash available for investment and fixing the term of investment, the Municipal Manager or his/her delegate must consider the way in which the investment is to be made.

9.1 Short-term Investments

a) **Written quotations should be obtained from three financial institutions for the term of which the funds will be invested.**

b) Should one of the institutions offer a better rate for a term, other than what the municipality had in mind, the other institutions which were approach should also be asked to quote a rate for the other term.

c) **Quotations should be obtained in writing, as rates generally change on a regular basis and time is a determining factor when investments are made.**

- d) The person responsible for requesting quotations from financial institutions must record the following particulars:-
 - (i.) Name of the institution;
 - (ii.) Name of person quoting rates;
 - (iii.) Period of the investment;
 - (iv.) Relevant conditions; and
 - (v.) Other facts, such as interest payable monthly or on maturation.
- e) Once the required number of quotes has been obtained, a decision must be taken regarding the best term offered and the institution with which funds are going to be invested.
- f) The best offer must under normal circumstances be accepted, with thorough consideration of investment principles.
- g) No attempt must be made to make institutions compete with each other as far as their rates and terms are concerned.
- h) Once a quote has been accepted written confirmation of the details must be obtained from the financial institution.
- i) The investment capital must only be paid over to the institution with which it is to be invested and not to an agent or third party.
- j) The financial institution where the investment is made must issue a certificate stating the details of the investments.
- k) The Municipal Manager or his/her delegate must make sure that the investment document received is a genuine document and issued by the approved institution.
- l) The financial institution, where the investment is made, must issue a certificate which states that no commission has or will be paid to any agent or third party, or to any person nominated by an agent or third party.
- m) The council must be given a quarterly report on all investments.
- n) The Municipality must within 30 days after an investment with a currency of 2 months or longer has been made, publish full details of any investments so made in a local newspaper in circulation within its areas of jurisdiction.

- o) Where money is kept in current accounts, the municipality must bargain for more beneficial rates with regard to deposits.
- p) The Municipal Manager or his/her delegate must ensure that the financial institution where the investment is to be made is creditworthy and the performance of the institution is to his/her satisfaction, before investing money in the institution.
- q) The Municipal Manager or his/her delegate must obtain information from which the creditworthiness of financial institutions can be determined. This must be obtained and analysed annually.

9.2 Long-term Investment

- a) Written quotations must be obtained for all investments made for a period longer than twelve months.
- b) The municipal council must approve all investments made for periods longer than twelve months after considering the cash management requirements for the next three years.

10. OTHER EXTERNAL DEPOSITS

The principles and procedure set out above must apply to other investment possibilities subject to the applicable legislation, which is available to the council, including debentures and other securities of the state as well as other municipalities or statutory bodies in the Republic, instituted under and in terms of any law.

11. CONTROL OVER INVESTMENTS

11.1 An investment register should be kept of all investments made. The following information must be recorded:

- a) Name of the institution;
- b) Capital invested;
- c) Date invested;
- d) Interest rate;
- e) Maturation date;
- f) Interest received;
- g) Capital repaid; and
- h) Balance invested.

11.2 The investment register must be reconciled on a monthly basis.

- 11.3 The investment register must be examined on a fortnightly basis to identify investments falling due within the next two weeks. It must then be established what to do with the funds, bearing in mind the cashflow requirements.
- 11.4 Interest must be received timeously, together with any distributable capital.
- 11.5 At the maturity date of the investment, the financial institution must transfer the capital plus interest received to the Municipality's main bank account.**
- 11.6 The Municipal Manager or his/her delegate must check that the interest is calculated correctly.
- 11.7 Investment documents and certificates must be safeguarded in a fire resistant safe, with dual custody. The following documents must be safeguarded:-
- a) Fixed deposit letter or investment certificate;
 - b) Receipt for the capital invested;
 - c) Copy of electronic transfer or cheque requisition;
 - d) Schedule of comparative investment figures;
 - e) Commission certificate indicating no commission was paid on the investment;
 - f) Interest rate quoted.

12 SHORT TITLE

The policy shall be called the Investment and Cash Management Policy of the Bitou Municipality.



MUNICIPALITY

TARIFF POLICY

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TARIFF POLICY BITOU MUNICIPALITY

PREAMBLE

Whereas section 74 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) requires a municipal council to adopt a tariff policy on the levying of fees for municipal services;

And whereas the tariff policy at least should include the principles in section 74(2);

And whereas the tariff policy may differentiate between different categories of users, debtors, service providers, service standards and geographical areas as long as such differentiations does not amount up to unfair discrimination;

Now therefore the Municipal Council of the Bitou Municipality adopts the following tariff policy.

DEFINITIONS

1. In this tariff policy, unless inconsistency with the context, a word or expressions to which a meaning in the Act has been attached means:-

- 1) *“agricultural consumers”* include but are not limited to-
farms, smallholdings and agricultural show grounds;
- 2) *“break even”* occurs where the volume sales are equal to the fixed and variable cost associated with the provision of the service;
- 3) *“charitable and welfare institutions and organisations”* include but are not limited to-
any institution managed on a non profitable basis by a church association or a registered charity organisation for example old ages homes, pre-primary schools, care facility for pre primary children, old age facility, homes and/or care facilities for the homeless and children homes;
- 4) *“commercial consumers”* include but are not limited to-
business undertakings, shops, offices, liquor stores, supermarkets, public garages, gathering places, nurseries, places of entertainment, service stations, hairdressings salons, banks, hotels, guesthouses, boarding houses and doctor-and dentist consulting rooms;
- 5) *“community service”* are services that the Council has classified as such and the tariffs have been compiled with the intention that the costs of the services cannot be recovered fully from public service charges and are of a regulatory nature;
- 6) *“domestic consumers”* include but are not limited to-
residence, group housing, town houses, semi-detached houses, and flats;
- 7) *“economic services”* are services that the Council has classified as such and the tariffs have been compiled with the intention that the total costs of the services are recovered from customers;

- 9) *“educational and communal institutions”* include but are not limited to- schools, colleges, pre-primary schools not operated by a registered charity or welfare organisations, libraries, museums, churches, hospitals, clinics, correctional institutions, school hostels and community halls;
- 10) *“fixed costs”* are costs which do not vary with consumption or volume produced;
- 11) *“geographical areas”* areas identified as such by council due to service backlogs, social circumstances or any other similar reasons;
- 12) *“indigent households”* are households that are registered at the municipality as such and meet the criteria’s as set by Council from time to time and occupying a property within the jurisdiction of the municipality;
- 13) *“industrial consumers”* include but are not limited to- industrial undertakings, factories, warehouses, workshop, scrap yards, stores, wine cellars, abattoir, dairy processing plants and fish markets;
- 14) *“in season”* refers to the period from the 1st December of a year up to 31 January of the following year and from the Monday before the Easter weekend up to and including Easter Monday;
- 15) *“lifeline tariffs”* a unit charge calculated by dividing the total cost associated with the service by the volume consumed (units);
- 16) *“municipalities”* include but are not limited to- all properties registered in the name of the Bitou Municipality or controlled by the municipality excepting libraries, museums, contagious diseases hospital and caravan parks;
- 17) *“resident”* a person who is ordinary resident in the municipal area;

- 18) “*special agreements*” are special tariff agreements entered into with users of municipal services making significant economic contribution to the community and create job opportunities;
- 19) “*sport and recreation facilities*” include but are not limited to- properties used exclusively for sport and recreation purposes including school sport fields which are metered separately for water and electricity consumption and caravan parks;
- 20) “*the Act: the Local Government: Municipal Systems Act, 2000* (Act no 32 of 2000);
- 21) “*total cost*” is the sum of all fixed and variable costs associated with a service;
- 22) “*trading services*” Are services that the Council has classified as trading services and the tariffs have been compiled with the intention that the Council makes a profit on the delivery of the services;
- 23) “*two-part tariffs*” are tariffs that are raised to cover the fixed and variable costs separately. The fixed costs are recovered by dividing the total fixed costs by the total number of customers and the variable costs are recovered by dividing the total variable costs by the volume consumed;
- 24) “*units consumed*” are the number of units consumed of a particular service and are measured in terms of the tariff structure reflected in Section 7;
- 25) “*variable costs*” are costs that vary with consumption or volume produced.

PURPOSE OF THIS POLICY

2. The Bitou Municipality wishes to achieve the following objectives by adopting this tariff policy.
 - (1) To comply with the provisions of section 74 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).

- (2) To prescribe procedures for calculating tariffs where the municipality wishes to appoint service providers in terms of section 76(b) of the Act.
- (3) To give guidance to the Councillor responsible for finance regarding tariff proposals that must be submitted to Council annually during the budget process.

TARIFF PRINCIPLES

3. The Bitou Municipality wishes to record that the following tariff principles will apply.

- (1) Restricted free services to consumers and financial assistance to indigent households shall be considered only in as far as it can be financed from-
 - financial allocations by the National Government to the Municipality for that purpose, and
 - a grant for that purpose by the Municipality, the extent of such grant being determined annually by the Council during the drafting of the Council's budget.
- (2) All users of municipal services will be treated equitably. The various categories of customers will pay the same charges based on the same cost structure.
- (3) The amount payable by consumers will be in proportion to usage of the service.
- (4) Indigent households must at least have access to basic services through lifeline tariffs or direct subsidisation.
- (5) Tariffs must reflect the total cost of services unless stated otherwise in this policy document.
- (6) Where-ever it is explicitly provided for in this policy, customers shall have a choice to choose a tariff from a range of applicable tariffs.
- (7) Tariffs must be set at a level that facilitates the sustainability of services. Sustainability will be achieved by ensuring that:
 - (a) Cash inflows cover cash outflows. This means that sufficient provision for working capital and bad debts will be made.
 - (b) Access to the capital market is maintained. This will be achieved by providing for the repayment of capital, maintaining sufficient liquidity levels and making profits on trading services.

- (8) Provision will be made in appropriate circumstances for a surcharge on a tariff. This will be required during a national disaster and periods of droughts when a restriction of usage is required.
- (9) Efficient and effective use of resources will be encouraged by providing for penalties to prohibit exorbitant use.
- (10) The extent of subsidisation of tariffs will be disclosed.
- (11) VAT is excluded from all tariffs and will be additional to these tariffs when applicable.

CATEGORIES OF CUSTOMERS

- 4. (1) Separate tariffs structure may be raised for the following categories of customers
 - a) domestic consumers;
 - b) commercial consumers;
 - c) industrial consumers;
 - d) agricultural consumers;
 - e) municipalities;
 - f) consumers with whom special agreements were made;
 - g) consumers in certain geographical areas;
 - h) sport and recreation facilities
 - i) educational and communal institutions; and
 - j) charitable and welfare institutions and organisations.
- (2) Where there is a substantial difference between the infrastructure used to provide a service to a specific group of users within a category and/or standard of services provided, the Council can, after considering a report by the Municipal Manager or the relevant Head of Department, determine differentiated tariffs for the different consumers within the specific category.
- (3) The differentiation must be based on one or more of the following elements; infrastructure costs, volume usage, availability and service standards.

SERVICE-, EXPENDITURE CLASSIFICATIONS AND COST ELEMENTS

Service classification

5. (1) The Chief Financial Officer shall, subject to the guidelines provided by the National Treasury of the Department of Finance and Mayoral Committee of the Council, make provision for the following classification of services.

(a) ***Trading services***

- (i) Water
- (ii) Electricity

(b) ***Economic services***

- (i) Refuse removal
- (ii) Sewerage disposal.

(c) ***Community services***

- (i) Air pollution.
- (ii) Fire fighting services.
- (iii) Local tourism.
- (iv) Town planning.
- (v) Municipal public works, only in respect of the needs of municipalities in the discharge of their responsibilities and to administer functions specially assigned to them under the Constitution or any other law.
- (vi) Stormwater management system in built-up areas.
- (vii) Trading regulations.
- (viii) Fixed billboards and the display of advertisements in public places.
- (ix) Cemeteries.
- (x) Control of public nuisances.
- (xi) Control of undertakings that sell liquor to the public.
- (xii) Facilities for accommodation, care and burial of animals.
- (xiii) Fencing and fences.
- (xiv) Licensing of dogs.
- (xv) Licensing and control of undertakings that sell food to the public.

- (xvi) Local amenities.
- (xvii) Local sport facilities.
- (xviii) Municipal parks and recreation.
- (xix) Municipal roads.
- (xx) Noise pollution.
- (xxi) Pounds.
- (xxii) Public places.
- (xxiii) Street trading/street lighting.
- (xxiv) Traffic and parking.
- (xxv) Building control.
- (xxvi) Licensing of motor vehicles and transport permits.
- (xxvii) Nature reserves.
- (xxviii) Beaches

Expenditure classification

(2) Expenditure will be classified in the following categories.

(a) **Subjective classification:**

- (i) Employee related costs;
- (ii) Remuneration of Councillors
- (iii) Impairment loss (bad debt);
- (iv) Collection costs;
- (v) Depreciation and amortization;
- (vi) Repairs and maintenance;
- (vii) Interest paid;
- (viii) Bulk purchases;
- (ix) Contracted services;
- (x) Grants and subsidies paid;
- (xi) General expenditure;
- (xii) Contribution to Capital Replacement Reserve;
- (xiii) Income; and
- (xiv) Surplus/Deficit.

(b) **Objective classification:**

- (i) Cost centres will be created to which the costs associated with providing the service can be allocated:

- (a) Department.
- (b) Section/service.
- (c) Division/service.
- (ii) The subjective classification of expenditure each with a unique vote will be applied to all cost centres.

Cost elements

- (3) The following cost elements will be used to calculate the tariffs of the different services:
- (i) Fixed costs which consist of the capital costs (interest and redemption) on external loans as well as internal advances and or depreciation whichever are applicable to the service and any other costs of a permanent nature as determined by the Council from time to time.
 - (ii) Variable cost: This includes all other variable costs that have reference to the service.
 - (iii) Total cost: consist of the fixed cost and variable cost.

TARIFF TYPES

6. In determining the type of tariff applicable to the type of service the municipality shall make use of the following five options or a combination of the same.
- (1) *Single tariff*: this tariff shall consist of a cost per unit consumed. All costs will be recovered through unit charges at the level where income and expenditure breaks even. Subject to a recommendation by the Chief Financial Officer the council may decide to approve profits on trading services during the budget meeting. Such profits will be added to the fixed and variable cost of the service for the purpose of calculating the tariffs.
 - (2) *Cost related two to three part tariff*: this tariff shall consist of two to three parts. Management, capital, maintenance and operating costs will be recovered by grouping certain components together e.g. management, capital and maintenance costs may be grouped together and be recovered by a fixed charge, independent of consumption for all classes of consumers, while the variable costs may be recovered by a unit charge per unit consumed. Three part tariffs will be used to calculate the tariff for electricity and to provide for maximum demand and usage during limited demand.

- (3) *Inclining block tariff:* this tariff is based on consumption levels being categorised into blocks, the tariff being determined and increased as consumption levels increase. This tariff will only be used to prohibit the exorbitant use of a commodity. The first step in the tariffs will be calculated at break-even point. Subsequent steps will be calculated to yield a result that would discourage excessive use of the commodity.
- (4) *Declining block tariff:* this tariff is the opposite of the inclining block tariff and decreases as consumption levels increase. The first step will be calculated by dividing the fix and variable cost and profit determined by council from time to time by the volume consumed. This tariff will only be used for special agreements.
- (5) *Regulating tariff:* this tariff is only of a regulatory nature and the municipality may recover the full or a portion of the cost associated with rendering the service.

TARIFF STRUCTURE AND METHODS OF CALCULATIONS

7. The following tariff structure will, where possible, be used to determine tariffs:

- (1) **Water**
 - (a) Tariff structure
 - (i) Fixed tariff per user plus an inclining block tariff per unit used (kiloliters used).
 - (ii) An inclining block tariff.
 - (b) Method of calculation
 - (i) The fixed costs of the service shall consist of the costs indicated as such by the council.
 - (ii) The number of users will be used to determine the fixed costs per user.
 - (iii) Where council charges a fixed cost per consumer the unit charges are calculated by dividing the variable cost by the volume used.

- (iv) Where council does not recover a fixed cost per consumer the unit charge will be calculated by dividing the total cost by volume consumed.
- (v) Where consumption can not be measured the average consumption of the area will be used to calculate a fixed tariff will be charged.
- (vi) Where a property is not connected to the water reticulation system but can reasonably be so connected, an availability tariff will be payable equal to the fixed costs calculated in accordance with the provisions of paragraph 5(3)(i).
- (vii) Where council decide to make a profit on the service the profit will be added to the fixed and variable cost before tariffs are calculated.

(2) **Electricity**

(a) Tariff structure

- (i) kWh – Active Energy.
- (ii) kVA – maximum demand (thermic or block) register in a half an hour period.
- (iv) Peak, Standard and off-peak time periods – according to bulk purchase tariff structure.
- (v) High and low consumption seasons – according to bulk purchase tariff structure.

(b) Method of calculation

- (i) The guidelines and policy issued by the National Electricity Regulator from time to time will form the basis of calculating tariffs.
- (ii) Cross subsidisation between and within categories of consumers will be allowed based on the load factors of the categories and consumers within the category. Portions of the fixed costs will be recovered through an energy or time-of-use charge. To apply the abovementioned principle the cost allocation basis, cost groupings, tariff components and tariff types reflected in the following tables will be used.

Tariff types	Fixed charge Rands/ customer / Month	Active Energy charge cents/ kWh	Seasonally Time-of-use Energy charge Peak Standard Off-peak	Capacity- charge Rands / kVA/ month	Reactive energy charge cents / kWh
One part		X			
One part block 1		X			
Block block2		X			
Two part	X	X			
Three part	X	X		X	
Three part time-of-use	X				X
Peak			X		
High season Standard			X		
Off-peak			X		
Peak			X		
Low season Standard			X		
Off-peak			X		
Four part time-of-use	X			X	X
Peak			X		
High season Standard			X		
Off-peak			X		
Peak			X		
Low season Standard			X		
Off-peak			X		

(iii) The one-part single energy rate tariff:

All costs allocated to a user category which will normally make use of a one-part single energy rate tariff will be expressed in a single cents/kWh charge. The recommended methodology for allocating costs into this tariff is as follows:

- The maximum demand costs (rands/kVA/month) of all consumers that will normally use a single tariff will be calculated by considering the average load factor of the type of these customers and added to the variable cost.
- The fixed cost rand/customer/month and the energy cost (kWh) will also be added to the variable cost.
- The total cost (maximum demand, fixed and energy costs) allocated to consumers which will normally use a one-part-single-energy tariff will be calculated at a break-even point

comparable with the number of kWh units determined by Escom from time to time.

- The total cost will be expressed in a cents/kWh tariff.

(iv) The two-part tariff:

- A portion of the fixed cost equal to the operating and administrative cost of the Electricity Department will be recovered through a rands/user/month charge.
- The remaining portion of the fixed cost will be added to the variable cost and recovered through a unit charge (cent/kWh charge).
- The tariff then consists of a fixed monthly charge plus a variable charge related to metered kWh consumption.

(v) The three-part tariff:

- A portion of the fixed cost as described in section 2(b)(iv) will be recovered through a rand/user/month charge.
- The remaining portion of the fixed cost will be recovered through a unit charge (cent/kWh) and maximum demand charge (rand/kVA/month).
- The maximum demand charge (rand/kVA cost) will be recovered through the capacity charge where applicable.
- The cent/kWh charge therefore recovers the total variable cost plus portions of reallocated fixed and demand charges (rand/customer/month and rand/kVA costs) where applicable.

(vi) Time-of-use tariff:

- As with the standard three-part tariff, a portion of the rands/kVA/month charge needs to be reallocated into the various time-of-use cents/kWh charges. Again, the amount of the reallocation should be with regard to the customer's load factor. However, it is also necessary to consider the time-variation of the capacity costs in the reallocation of the rands/kVA charge into the various time-of-use cents/kWh charges where applicable.

- The cents/kWh charge therefore recovers the full variable costs as well as a portion of the reallocated rands/kVA charges where applicable.
 - The rands/customer/month charge is not reallocated.
- (vii) Where council decide to make a profit on the service the profit will be added to the fixed and variable cost before tariffs are calculated.
- (viii) Where a property is not connected to the electricity reticulation system but can reasonably be so connected, an availability tariff will be payable equal to the fixed costs calculated in accordance with the provisions of paragraph 5(3)(i).
- (ix) The structure of the time-of-use tariff will be calculated according to the purchase structure.
- (x) The time-of-use tariff will only be offered in areas where similar tariffs are available to the municipality.

(3) ***Refuse removal***

(a) Unit of measurement

- (i) Plastic bags per week (volume).
- (ii) Containers per week (volume).

(b) Method of calculation

- (i) The costs per unit of measurement will be determined by dividing the total costs of the service by the total volume of refuse disposed of during the year. The total cost of the service includes the removal cost plus the operating cost associated with the service. The unit charge per cubic meter will be converted to a cost per black bag. A cost per month will be calculated for domestic consumers based on the average number of bags removed per week.
- (ii) The cost associated with the removal of bulk containers will be determined by calculating how many of the smallest removal units will be absorbed by a specific container.
- (iii) After council has consulted with owners or occupiers of commercial and industrial undertakings which do not make use

of the standard black bags or mass containers tariffs will be determined based on the estimated volume that will be removed per month.

- (iv) Opportunity costs for once-off removals will be calculated by recovering the costs of the volume removed plus a 20% surcharge.
- (v) Private dumping at the disposal site will be allowed after a tariff based on the estimated volume of the dumping has been paid.
- (vi) A refuse removal tariff will be raised and is payable by all owners or occupiers of each developed property connected to the water and electricity distribution network of the council or any other service provider or those who have applied to be connected whether such owner or occupier uses the refuse removal service or not or those who are not connected to the distribution networks to whom a refuse removal service is rendered on request.
- (vii) No refuse removal tariffs will be raised where council has not introduced a refuse removal service.

(4) ***Sewerage/emptying of conservancy tanks***

(a) Unit of measurement

- (i) Number of cisterns.
- (ii) Volume of tank lorry.
- (iii) Formula driven waterborne tariff.

(b) Method of calculation

- (i) Where a property is not connected to the sewerage reticulation system but can reasonably be so connected, an availability tariff will be payable. The tariff will be equal to the unit tariff applicable to domestic households.
- (ii) A unit charge per consumer will be charged. The tariff will be calculated by dividing the total cost by the total number of premises connected to the sewerage reticulation system. Where more than one dwelling unit, as defined in the Council's zoning scheme regulations, is situated on a premises (such as a semi-

detached dwelling or a block of flats etc.) each such a dwelling unit shall for the purpose of this paragraph, considered to be a

- (iii) The tariff payable for the removal of the contents of a conservancy tank will be based on a charge per load to be removed and for this purpose portion of a load shall be considered to be a full load. Charges payable must be paid in advance and only in cases of extreme emergency will this requirement be waived. In such an event the person or body to whom the service was rendered will be required to pay the amount due on the first working day following the day on which the service was rendered. Where requests are received for removals after ordinary office hours, a surcharge as determined by Council from time to time will be levied on the ordinary tariff applicable.

- (iv) Industries classified by council as WET industries (water intensive industries) shall pay over and above a tariff per cistern a treatment cost based on the following formula:

$$B = 0,85 V[R \times \text{COD}] / 1000$$

B = Treatment cost

V = Volume of water used

R = Cost of treating of 1 Kilogram COD

COD = Chemical oxygen demand per milligram

(5) **Community services**

(a) Tariff structure

- (i) The tariff structure as reflected in table 1 here under will be used to determine regulatory community and subsidised services.

(b) Method of calculation

- (i) These tariffs will be adjusted annually by adjusting the tariff that applied during the previous financial year, by a percentage as determined by the majority councillors present at the meeting where the budget is approved or by a recalculation of the estimated actual cost.

Table 1

FUNCTION	UNIT OF RETURN
1. SUNDRY SERVICE CHARGES 1.1 Information regarding valuation of properties. 1.2 Issuing of valuation certificate of a property. 1.3 Issuing of valuation certificate of a property. 1.4 Issuing of second duplicate account. 1.5 Photocopying: A4 size A3 size 1.6 Copies of building plans and area maps. 1.7 Computerised area maps. 1.8 Dishonouring charges payable when bank dishonours a cheque. 1.9 Facsimiles: Received and/or sent.	Fixed amount per enquiry per property. Fixed amount per certificate. Fixed amount per certificate. Fixed amount per duplicate account. Fixed amount per photo copy Fixed amount per copy. Fixed amount per map for A0, A1, A2, A3 and smaller sizes respectively. Amount equal to the costs levied by the bank. Fixed amount per facsimilee.
2. LETTING OF TOWN HALLS AND COMMUNITY HALLS 2.1 Hall reservations taking into account various uses thereof. 2.2 Hall reservations, including kitchen by fixed users. 2.3 Use of side halls additional to main hall. 2.4 Use of kitchen additional to main hall or side ward. 2.5 Use of refreshment room additional to main hall or side ward. 2.6 Use of facilities one day prior to date of reservation. 2.7 Deposit payable in respect to the use of the hall and the facilities. 2.8 Cancellation of reservation.	Fixed amount per reservation. Fixed amount per annum. Fixed amount per reservation. Fixed amount per reservation. Fixed amount per reservation. Fixed amount per reservation. Fixed amount per reservation. A % of the rental payable to cover administration costs will be recovered from the deposit when a reservation is cancelled.
3. LIBRARY FEES 3.1 Fine for the late return of books, records, CD's, tapes or art prints. 3.2 Fine for late return of a video. 3.3 Lost lender bags. 3.4 Booking of library material <ul style="list-style-type: none"> • material in stock 	Fixed amount per week or portion of a week per item. Fixed amount per day or portion of a day per video. Fixed amount per bag. Fixed amount per booking.

FUNCTION	UNIT OF RETURN
<ul style="list-style-type: none"> material not in stock 	
<p>4. ELECTRICAL SERVICE CONNECTION</p> <p>4.1 Service connections up to 25 metres 10 mm² x 2 core with standard meter.</p> <p>4.2 Service connections more than 25 metres 10 mm² x 2 core with standard meter.</p> <p>4.3 Service connections up to 25 metres 16 mm² x 2 core with standard meter.</p> <p>4.4 Service connections more than 25 metres 16 mm² with standard meter.</p> <p>4.5 Service connections up to 25 m 16 mm² x 4 core with standard meter.</p> <p>4.6 Service connection more than 25 metres 16 mm² x 4 core with standard meter.</p> <p>4.7 Beforehand serviced plots: coupling of service connection.</p> <p>4.8 Service connection larger than 50 kVA with single phase k.w.u. meter and circuit breaker.</p> <p>4.9 Service connection larger than 50 kVA with three phase kwu meter and circuit breaker.</p> <p>4.10 Service connection larger than 50 kVA with single phase pre-paid meter.</p> <p>4.11 Service connection larger than 50 kVA with three phase prepaid meter.</p> <p>4.12 Damages to service connections and reticulation – costs to be recovered.</p>	<p>Estimated actual cost based on a 25 metre connection plus a % levy for administrative costs.</p> <p>Estimated actual cost plus % levy for administration costs.</p> <p>Estimated actual cost based on a 25 metre connection plus a % levy for administrative costs.</p> <p>Estimated actual cost plus % levy for administrative costs.</p> <p>Estimated actual cost based on a 25 metre connection plus a % levy for administrative costs.</p> <p>Estimated actual cost plus % levy for administrative costs.</p> <p>Estimated actual cost plus % levy for administrative costs.</p> <p>Estimated actual cost plus % levy for administrative costs.</p> <p>Estimated actual cost plus % levy for administrative costs.</p> <p>Estimated actual cost plus % levy for administrative costs.</p> <p>Estimated actual cost plus % levy for administrative costs.</p> <p>Estimated actual cost plus % levy for administrative costs.</p>
<p>5. SALE OF PREPAID ELECTRICAL METERS</p> <p>5.1 Single phase meter.</p> <p>5.2 Three phase meter.</p>	<p>Actual purchase price plus % levy for administrative costs.</p> <p>Actual purchase price plus % levy for administrative costs.</p>
<p>6. SUNDRY SERVICES: ELECTRICITY DEPARTMENT</p> <p>6.1 Call-out fee payable where service connection is over rated or short circuited on the user's side-</p> <ul style="list-style-type: none"> Office hours After hours and Saturdays Public holidays and Sundays <p>6.2 Application by consumers for circuit</p>	<p>Estimated actual cost plus % levy for administrative costs.</p> <p>Estimated actual cost plus % levy</p>

FUNCTION	UNIT OF RETURN
6.3 breakers with a higher or lower rating. Temporary on-off and reconnections. 6.4 Reconnection of electricity on receipt of false information by a defaulter. 6.5 Testing of meter on request of consumer- Single phase-, three phase-, maximum demand- and pre-paid meters. 6.6 Issuing of certificate of competence 6.7 Repair of electricity cable or cable joint.	for administrative costs. Estimated actual cost plus % levy for administrative costs. Fixed amount per reconnection. Estimated actual cost plus % levy for administrative costs. Fixed amount per certificate. Estimated actual cost plus % levy for administrative costs.
7. STREET LIGHTING 7.1 Tariff payable per street light	Fixed amount per kWh.
8. ELECTRICITY DEPOSIT 8.1 Electricity deposit included in consumers services deposit (water, electricity, refuse removal and sewage).	Fixed amount per consumer
9. WATER SERVICES CONNECTIONS 9.1 15 mm connection – low cost housing. 9.2 15 mm connection – other connections. 9.3 20 mm connection. 9.4 Connection and pre-paid meter – low cost housing. 9.5 Connection and pre-paid meter – other connections 9.6 Testing of water meters 9.7 Damages to service connections and reticulation – costs to be recovered	Estimated actual cost plus % levy for administrative costs. Estimated actual cost plus % levy for administrative costs. Estimated actual cost plus % levy for administrative costs. Estimated actual cost plus % levy for administrative costs. Estimated actual cost plus % levy for administrative costs. Estimated actual cost plus % levy for administrative costs. Estimated actual cost plus % levy for administrative costs.
10. WATER DEPOSIT 10.1 Water deposit included in consumers services deposit (water, electricity, refuse removal, sewage).	Fixed amount per consumer
11. SEWERAGE SERVICES CONNECTION 11.1 100 mm connections 11.2 150 mm connections 11.3 Damages to service connections and reticulation – costs to be recovered.	Estimated actual cost plus % levy for administrative costs. Estimated actual cost plus % levy for administrative costs. Estimated actual cost plus % levy for administrative costs.
12. SUNDRY SERVICES – SEWERAGE WORKS 12.1 Emptying of sewerage tanks	Fixed amount per load.

FUNCTION	UNIT OF RETURN
12.2 Emptying of sewerage tanks (farms) 12.3 Emptying of sewerage tanks after ordinary office hours 12.4 Partial connections (draining) 12.5 Industrial effluent per kl 12.6 Selling of purified sewerage per kl 12.7 Sewerage blockages 12.8 Sewerage blockages (after hours)	Fixed amount per load. Fixed amount per load. Fixed amount per load. Estimated actual cost plus % levy for administrative costs. Estimated actual cost plus % levy for administrative costs. Estimated actual cost plus % levy for administrative costs. Estimated actual cost plus % levy for administrative costs.
13. SUNDRY ENGINEERING SERVICES 13.1 Construction of single motor vehicle entrance 13.2 Construction of double motor vehicle entrance. 13.3 Construction of motor vehicle entrance with storm water grid 13.4 Tarring and patch work	Estimated actual cost plus % levy for administrative costs. Estimated actual cost plus % levy for administrative costs. Estimated actual cost plus % levy for administrative costs. Estimated actual cost plus % levy for administrative costs.
14. CEMETERY FEES 14.1 Single grave site – purchase price 14.2 Reservation of site. 14.3 Digging of grave. 14.4 Covering of grave. 14.5 Pointing out of grave site. 14.6 Digging of extra deep grave. 14.7 Opening up of extra deep grave. 14.8 Construction of brick lining- <ul style="list-style-type: none"> • single grave • extra deep grave 14.9 Wall of remembrance: Purchases of storage space	Fixed amount per site. Fixed amount per site. Estimated actual cost plus % levy for administrative costs. Estimated actual cost plus % levy for administrative costs. Fixed amount per site. Estimated actual cost plus % levy for administrative costs. Estimated actual cost plus % levy for administrative costs. Estimated actual cost plus % levy for administrative costs. Estimated actual cost plus % levy for administrative costs. Fixed amount per urn.
15. BUILDING PLAN FEES 15.1 Standard building plan fees 15.2 Building plan fees: rural areas 15.3 Minimum building plan fees. 15.4 Building plan fees: low cost housing. 15.5 Minor building work/boundary walls. 15.6 Approval of advertisement signs. 15.7 Building deposit in respect to new	Fixed amount per m ² . 25% of standard building plan fees. Fixed amount per building plan. Fixed amount per building plan. Fixed amount per building plan. Fixed amount per advertisement sign. Fixed amount per building plan.

FUNCTION	UNIT OF RETURN
<p>dwelling and improvements > 100 m².</p> <p>15.8 Extension of the validity period of approved building plans.</p>	<p>Fixed amount per application.</p>
<p>16. LAND USE APPLICATIONS AND SUB-DIVISIONS: TARIFFS</p> <p>16.1 Applications for re-zoning.</p> <p>16.2 Application for consent uses.</p> <p>16.3 Applications for extension of the validity period of approvals for rezoning and consent uses.</p> <p>16.4 Applications for sub-division-</p> <ul style="list-style-type: none"> • up to 20 erven • more than 20 erven <p>16.5 Application for extension of the validity period of approvals for rezoning and consent uses.</p> <p>16.6 Applications for departures.</p> <ul style="list-style-type: none"> • erven < 500 m² • erven 501 m² – 750 m² • erven > 750 m² <p>16.7 Applications for departures in terms of section 15(1)(a)(i) of Ord 15/1985.</p> <p>16.8 Applications for lifting restricting provisions.</p> <p>16.9 Cost of advertisements and postage in regard to the advertising of applications for rezoning, sub-division, consent uses and departures.</p> <p>16.10 Issuing of zoning certificate.</p>	<p>Fixed amount per application.</p> <p>Fixed amount per application.</p> <p>Fixed amount per application.</p> <p>Fixed amount per sub-division up to 20 erven</p> <p>Fixed amount per sub-division more than 20 erven.</p> <p>Fixed amount per application.</p> <p>Fixed amount per application.</p> <p>Fixed amount per application.</p> <p>Fixed amount per application.</p> <p>Fixed amount per application.</p> <p>Estimated actual costs plus % levy for administration costs.</p> <p>Fixed amount per certificate.</p>
<p>17. AD HOC HIRING OUT OF SITES</p> <p>17.1 Hiring of circus sites.</p> <p>17.2 Hiring of open spaces for church services.</p> <p>17.3 Hiring of site for merry-go-round.</p> <p>17.4 Hiring of hawkers sites.</p>	<p>Fixed amount per reservation.</p> <p>Fixed amount per reservation.</p> <p>Fixed amount per reservation.</p> <p>Fixed amount per site.</p>
<p>18. TRAFFIC DEPARTMENT: TARIFFS FOR TRAFFIC SERVICES</p> <p>18.1 Escorting of vehicles through town.</p> <p>18.2 Rendering of services to bodies such as sporting clubs, funeral escorts, etc.</p>	<p>Fixed amount per occasion.</p> <p>Fixed amount per hour per occasion.</p>
<p>19. FIRE DEPARTMENT: CHARGES</p> <p>19.1 GMC and crew (call out and first hour).</p> <p>19.2 GMC and crew (following hours).</p> <p>19.3 4 x 4 and crew (call out and first hour).</p> <p>19.4 4 x 4 and crew (following hours).</p> <p>19.5 Use of chemicals.</p>	<p>Fixed amount per service.</p> <p>Fixed amount per hour.</p> <p>Fixed amount per service.</p> <p>Fixed amount per hour.</p> <p>Estimated actual cost plus % levy</p>

FUNCTION	UNIT OF RETURN
19.6 Service vehicle. 19.7 Rescue vehicle. 19.8 Filling up of swimming pools.	for administrative costs. Fixed amount per km. Fixed amount per service. Fixed amount per service.

NOTIFICATION OF TARIFFS, FEES AND SERVICE CHARGES

8. (1) The council will give notice of all tariffs approved at the annual budget meeting at least 30 days prior to the date that the tariffs become effective.
- (2) A notice stating the purport of the council resolution and the date on which the new tariffs shall become operational, will be displayed by the municipality at a place installed for that purpose.
- (3) All tariffs approved must be considered at the annual budget meeting.

IMPLEMENTING AND PHASING IN OF THE POLICY

9. (1) The principle contained in this policy will be reflected in the various budget proposals submitted to council on an annual basis, service by-laws as promulgated and adjusted by Council from time to time and the tariff by-laws referred to in section 75 of the Act.
- (2) The council may determine conditions applicable to community service of a regulators nature. These conditions will be reflected in the standing orders of council.

SHORT TITLE

10. This policy is the Tariff Policy of the Bitou Municipality.

**BITOU
LOCAL MUNICIPALITY**



**FINAL DRAFT
PROPERTY RATES POLICY**

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BITOU LOCAL MUNICIPALITY

PREAMBLE

WHEREAS section 3 of the Local Government: Municipal Property Rates Act, 2004 (No 6 of 2004) (*Herein after called “The Act”*)

determines that a municipality must adopt a rates policy in accordance to the determination of the Act and;

In terms of section 229 of the Constitution of the Republic of South Africa, 1996 (no. 108 of 1996), a municipality may impose rates on property and;

In terms of the Local Government: Municipal Property Rates Act, 2004 (no 6 of 2004) a municipality in accordance with –

- (a) section 2(1) may levy a rate on property in its area; and
- (b) section 2 (3) must exercise its powers to levy a rate on property subject to-
 - (i) Section 229 and any other applicable provisions of the Constitution;
 - (ii) The provisions of the Property Rates Act; and;
 - (iii) The Rates Policy and;

In terms in terms of section 4 (1) (c) of the Local Government: Municipal Systems Act, 2000 (no 32 of 2000), the municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property and;

In terms of section 62 (1) (f) (ii) of the Local Government: Municipal Finance Management Act, 2003 (no 56 of 2003) the municipal manager must ensure that the municipality has and implements a rates policy.

NOW THEREFORE the following draft policy on the levying of property rates is accepted.

1. OBJECTIVES:

In developing and adopting this rates policy, the council has sought to give effect to the sentiments expressed in the preamble of the Property Rates Act, namely that:

- the Constitution enjoins local government to be developmental in nature, in addressing the service delivery priorities of our country and promoting the economic and financial viability of our municipalities;
- there is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfil its developmental responsibilities;

- revenues derived from property rates represent a critical source of income for municipalities to achieve their constitutional objectives, especially in areas neglected in the past because of racially discriminatory legislation and practices; and;
- it is essential that municipalities exercise their power to impose rates within a statutory framework which enhances certainty, uniformity and simplicity across the nation, and which takes account of historical imbalances and the burden of rates on the poor.

In applying its rates policy, the council shall adhere to all the requirements of the Property Rates Act no. 6 of 2004 including any regulations promulgated in terms of that Act.

The objectives of this policy are also to ensure that-

- all ratepayers within a specific category are treated equal and reasonable;
- All rates levied are affordable. In dealing with the poor/indigent ratepayers the municipality will provide relief measures through exemptions, reductions or rebates.
- rates are levied in accordance with the market value of the property as determined through a valuation.
- the rate will be based on the value of all rateable property in that category and the amount required by the municipality to balance the operational budget, taking into account the surplus obtained from the trading- and economical services and the amounts required to finance exemptions, reductions and rebates that the municipality may approve from time to time;
- income derived from rates will be used to finance community- and subsidized services only;
- to optimally safeguard the income base of the municipality through exemptions, reductions and rebates that are reasonable and affordable taking into account the poor/indigent ratepayers;
- In order to minimize major shocks to certain ratepayers the market values in the new valuation roll or tariffs determined by Council may be phased-in over the entire periods as stipulated in the Rates Act.
- to adhere to the legal requirements of the Property Rates Act (Act 6/2004).

2. DEFINITIONS

In this policy, unless the context indicates otherwise—

“Agent”, in relation to the owner of a property, means a person appointed by the owner of the property –

- (a) to receive rental or other payments in respect of the property on behalf of the owner; or
- (b) to make payments in respect of the property on behalf of the owner;

~~**“accommodation establishment”** means a facility zoned for single residential purposes, that~~

~~provides for lettable residential accommodation on a regular and continuous basis in addition to its permitted use and includes guesthouses, “bed & Breakfast” and “Self-catering” establishments;~~

“Accommodation establishment” means a Guesthouse or Bed a Breakfast.

- (a) a **“Guest House”** means a dwelling house which is used for the purpose of letting individual rooms for residential accommodation, with or without meals, and which exceeds the restrictions of a bed and breakfast establishment.(Includes Self Catering units)
- (b) **“Bed and Breakfasts”** establishment means a dwelling house or second dwelling unit in which the occupant of the dwelling house supplies lodging and meals for remuneration to transient guests who have permanent residence elsewhere.

“agricultural purpose”, in relation to the use of a property, excludes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game;

“annually” means once every financial year;

~~**“bona fide farmers”** means a genuine or real farmer whose dominant income is generated from farming.~~

“bona-fide farmers” means a genuine or real farmer whose dominant income is generated from farming activities, on an agricultural property, within the Bitou municipal area, and is taxed by SARS as a bona-fide farmer.

“business” means the activity of buying, selling or trade in goods or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business, with the exclusion of the business of mining, agriculture, farming, or inter alia, any other business consisting of cultivation of soils, the gathering in of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms.

“category” –

- (a) in relation to property, means a category of property determined in terms of section 8 (2) of the Act;
- (b) in relation to owners of property, means a category of owners determined in terms of section 15 (2) of the Act;

“district management area” means a part of a district municipality, which in terms of section 6 of the Municipal Structures Act has no local municipality and is governed by that municipality alone;

“district municipality” means a municipality that has municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category C municipality;

~~**“eco-tourism property”** means agricultural property use for the purpose of eco-tourism.~~

“Nature Reserves, Eco-tourism properties, Conservation Areas, Open Space Zone III,” means land that is proclaimed in terms of the National Environmental Management: Protected Areas Act, 2003, Act 57 of 2003, or the National Environmental Management: Biodiversity Act, 2004, Act 10 of 2004.

“exclusion” in relation to a municipality’s rating power, means a restriction of that power as provided for in section 17 of the Act;

“exemption” in relation to the payment of a rate, means an exemption granted in terms of section 15 of the Act;

“financial year” means the period starting from 1 July in a year to 30 June of the next year;

“game farming” means agricultural property on which the trading in - or the hunting of game take place.

“household income” means the income accruing to all members of the household permanently residing at the address. It includes income of spouses;

“income tax act” means the Income Tax Act ,1962 (Act 58 of 1962)

“indigent person” means a person whose household income does not exceed the minimum household income as predetermined by the council;

“land reform beneficiary” in relation to a property , means a person who-

(a) acquired the property through-

- (i) the Provincial Land and Assistance Act,1993 (Act 126/1993);
- (ii) the Restitution of Land Rights Act, 1994 (act 22/1994);

(b) holds the property subject to the Communal Property Associations Act,1996 (Act 28 of 1996); or

(c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution be enacted after this Act has taken effect;

“land tenure right” means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act ,2004 (Act no.11of 2004)

“local community”, in relation to a municipality—

(a) means that body of persons comprising—

- (i) the residents of the municipality;
- (ii) the ratepayers of the municipality;
- (iii) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the municipality; and
- (iv) visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality.

(b) Includes, more specifically, the poor and other disadvantaged sections of such body of persons.

“local municipality” means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in section 155(1) of the Constitution as a category B municipality;

“market value”, in relation to a property, means the value of the property determined in accordance with section 46 of the Act;

“MEC for Local Government” means the member of the Executive Council of a province who is responsible for local government in that province;

“mining” means any operation or activity for extracting any mineral on, in or under the earth, water or any residue deposit, whether by underground or open working or otherwise and includes any operation or activity incidental thereto;

“minister” means the Cabinet member responsible for local government;

“multiple purposes”, in relation to a property, means the use of a property for more than one purpose and cannot be assigned to a single category.

“municipal council” or **“council”** means a municipal council referred to in section 18 of the Municipal Structures Act;

“Municipal Finance Management Act” means the Local Government: Municipal Finance Management Act, 2003 (Act 56 /2003);

“municipality”—

(a) as a corporate entity, means a municipality described in section 2 of the Municipal Systems Act; and

(b) as a geographical area, means a municipal area demarcated in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

“municipal manager” means a person appointed in terms of section 82 of the Municipal Structures Act;

“municipal properties” means those properties of which the municipality is the owner;

“Municipal Systems Act” means the Local Government: municipal Systems Act, 2000 (Act 32 /2000);

“newly rateable property” means any rateable property on which property rates were not levied before the end of the financial year (2004) preceding the date on which this Act took effect,(2 July 2005) excluding a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date;

“occupier”, in relation to a property, means a person in actual occupation of a property whether or not that person has a right to occupy the property;

“owner”—

(a) in relation to property referred to in paragraph (a) of the definition of “property”, means—
a person in whose name ownership of the property is registered;

(b) in relation to a right referred to in paragraph (b) of the definition of “property”, means a person in whose name the right is registered; or

- (c) in relation to a land tenure right referred to in paragraph (c) of the definition of “property”, means a person in whose name the right is registered or to whom it was granted in terms of legislation, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:
- (i) A trustee, in the case of a property in a trust excluding state trust land;
 - (ii) an executor or administrator, in the case of a property, in a deceased estate;
 - (iii) a trustee or liquidator, in the case of a property, in an insolvent estate or in liquidation;
 - (iv) a judicial manager, in the case of a property, in the estate of a person under judicial management;
 - (v) a curator, in the case of a property, in the estate of a person under curatorship;
 - (vi) an usufructuary or other person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
 - (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
 - (viii) a buyer, in the case of a property that was sold and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

“permitted use”, in relation to a property, means the limited purposes for which the property may be used in terms of –

- (a) any restrictions imposed by –
 - (i) a condition of title;
 - (ii) a provision of a town planning or land use scheme; or
 - (iii) any legislation applicable to any specific property or properties; or
- (b) any alleviation of any such restrictions;

“person” includes an organ of the state;

“prime rate” means the prime rate of the bank where the primary account of the municipality is kept plus 1%

“private open space” means any land in private ownership used primarily as a private site for play, rest or recreation without financial gain.

“property” means—

- (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation;

“property register” means a register of properties referred to in section 23 of the Act;

“protected area” means an area that is or has to be listed in the register referred to in section 10 of the National Environmental Management: Protected Areas Act ,2003;

“public benefits organisation” means an organisation conducting specified public benefit activities as defined in the act and registered in terms of the Income Tax Act for tax reductions because of those activities.

“publicly controlled” means owned by or other wise under the control of an organ of the state, including-

- (a) a public entity listed in the Public Finance Management Act, (Act 1/1999)
- (b) a municipality; or
- (c) a municipal entity as defined in the Municipal Systems Act

“public service infrastructure” means publicly controlled infrastructure as determined in terms of chapter 1 of the Local Government :Municipal Property Rates Act (Act 6/2004)

“Occupational Practice”

“rate” means a municipal rate on property envisaged in section 229(1)(a) of the Constitution;

“rateable property” means property on which a municipality may in terms of section 2 of the Act levy a rate, excluding property fully excluded from the levying of rates in terms of section 17 of the Act;

“rebate”, in relation to a rate payable on a property, means a discount on the amount of the rate payable on the property;

“Reduction”, in relation to a rate payable on a property, means the lowering of the amount for which the property was valued and the rating of the property at that lower amount;

~~**“Residential property”** means property included in a valuation roll in terms of section 48 (2) (b) of the Act (read with section 8) as residential inclusive of a suite of rooms which forms a living unit that is exclusively used for human habitation purposes, or a multiple number of such units on a property, excluding accommodation establishments, bed & breakfast, hotel, guest house, commune, boarding and undertaking, hostel, place of instruction and sectional title units.~~

***“Residential property”** means a property included in the valuation roll in terms of section 48(2) of the Act (read with section 8) as residential inclusive of a suite of rooms which forms a living unit that is used for habitation purposes, or a multiple number of such units on a property, including establishments with 3 or less bedrooms, used for the purpose of letting individual rooms for residential accommodation, excluding of accommodation establishments with 4 or more bedrooms, hotels, boarding and undertaking, hostel, place of instruction and sectional title units.*

“Rural Lifestyle” means non-urban domestic properties primarily used for residential purposes.

“Sectional titles Act” means the Sectional Titles Act , 1986 (Act 95/1986)

“Sectional title unit” means a unit defined in section 1 of the Sectional Titles Act;

“Specified public benefit activity” means an activity listed in item 1 (welfare and humanitarian), item 2 (health care) and item 4 (education and development) of Part 1 of the Ninth Schedule to the Income Tax Act:

“State-owned properties” means properties owned by the State, which are not included in the definition of public service infrastructure in the Act. These state-owned properties is classified as follows:

- (a) State properties that provide local services.
- (b) State properties that provide regional/municipal district-wide/ metro-wide service.
- (c) State properties that provide provincial/national service.

“The Act” means the Local Government Municipal Property Rates Act, 2004 (No. 6 of 2004).

~~**“Vacant land”** means a land where no immovable improvements have been erected.~~

~~— In this policy, a word or expression derived from a word or expression defined in subsection (1) has a corresponding meaning unless the context indicates that another meaning is intended.~~

“Vacant land “means land where no immovable improvements have been erected. Vacant land can be classified as follows:

- (a) *Residential vacant, means a property included a valuation roll in terms of section 48(2) of the Act (read with section 8) as vacant.*
- (b) *Business vacant means a property included a valuation roll in terms of section 48(2) of the Act (read with section 8) as business vacant.*
- (c) *c) Industrial vacant, means a property included a valuation roll in terms of section 48(2) of the Act (read with section 8) as industrial vacant.*

3. PURPOSE OF THE POLICY

The purposes of the policy are to:

- (1) Comply with the provisions section 3 of the Act.
- (2) Determine criteria to be applied for-
 - a) the levying of differential rates for different categories of properties;
 - b) exemptions;
 - c) grants and rebates; and
 - d) rate increases.
- (3) Determine or provide criteria for the determination of:-
 - a) categories of properties for the purpose of levying different rates; and
 - b) categories of owners of properties for the purpose for the granting of exemptions, rebates and reductions.
- (4) Determine how the municipality’s powers must be exercised in relation to multi purpose properties.
- (5) Identify and provide reasons for :
 - a) exemptions, rebates and reductions;
 - b) exclusions; and
 - c) rates on properties that must be phased in.
- (6) Take into account the effect of rates on the poor.

- (7) Take into account the effect of rates on organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for tax exemptions because of those activities, in the case of property owned and used by such organisations for those activities.
- (8) Take into account the effect of rates on public service infrastructure.
- (9) Determine measures to promote local economic and social development.
- (10) Identify all rateable property that is not rated.

4. POLICY PRINCIPLES

The rates policy will be based on the following principles:

- (a) Equity
- (b) Affordability
- (c) Sustainability
- (d) Cost efficiency

The council shall as part of each annual operating budget component impose a rate in the rand on the market value of all ratable property as recorded in the municipality's valuation roll or supplementary valuation roll. Ratable property shall include any rights registered against such property, with the exception of a mortgage bond.

The council pledges itself to limit each annual increase as far as possible to the increase in the consumer price index over the period preceding the financial year to which the increase relates,

The council shall, in imposing the rate for each financial year, take proper cognisance of the aggregate burden of rates and service charges on representative property owners, in the various categories of property ownership, and of the extent to which this burden is or remains competitive with the comparable burden in other municipalities within the local economic region.

The council shall further, in imposing the rate for each financial year, strive to ensure that the aggregate budgeted revenues from property rates, less revenues forgone and less any contributions to the provision for bad debts, equal at least 25% (twenty five percent) of the municipality's aggregate budgeted net revenues for the financial year concerned. By doing so, the municipality will ensure that its revenue base and the collect ability of its revenues remain sound.

Other policy principles:

- (1) All ratepayers, in a specific category, as determined by council from time to time, will be treated equitably.

- (2) Rates will be raised in proportion to the market value of the property as determined by the municipal valuer through a valuation process.
- (3) The rates tariff will be based on the value of all rateable properties and the amount required by the municipality to balance the operating budget after taking in account profits generated on trading and economic services and the amounts required to finance exemptions, rebates and grants in-aid of rates as approved by council from time to time.
- (4) Trading and economic services will be ring fenced and tariffs and service charges calculated in such a manner that the income generated covers the cost of the services or generates a profit.
- (5) Property rates will be used to finance community and subsidised services and not to subsidise trading and economic services.
- (6) Profits on trading and economic services can be used to subsidise community and subsidised services.
- (7) The provision for working capital for community and subsidised services must be equal to the non-payment of rates during the previous financial year and must not include any working capital provision relating to trading and economic services.
- (8) The income base of the municipality will be protected at all costs, by limiting exemptions, reductions and rebates.
- (9) The policy will annually, during the budget process be reviewed

5. SCOPE OF THE POLICY

This policy document guides the annual setting (or revision) of property rates. It does not make specific property rates proposals. Details pertaining to the applications of the various property rates are published in the ***Provincial Gazette*** and the municipality schedule of tariffs, which must be read in Conjunction with this policy.

6. APPLICATION OF THE POLICY

In imposing the rate in the rand for each annual operating budget component, the municipality shall grant exemptions, rates and reductions to the categories of properties and categories of owners as allowed for in this policy document.

7. CLASSIFICATION OF SERVICES AND EXPENDITURE

(1) The Chief Financial Officer shall, subject to the guidelines provided by the National Treasury and Mayoral Committee of the Council, make provision for

(a) Trading services:

- (i) Water
- (ii) Electricity

(b) Economic services:

- (i) Refuse removal

- (ii) Sewerage disposal

(c) **Community services**

- i) Air pollution.
- ii) Fire fighting services.
- iii) Local tourism.
- iv) Municipal planning.
- v) Municipal public works, only in respect of the needs of municipalities in the discharge of their responsibilities and to administer functions specially assigned to them under the Constitution or any other law.
- vi) Storm water management system in built-up areas.
- vii) Trading regulations.
- viii) Fixed billboards and the display of advertisements in public places.
- ix) Cemeteries.
- x) Control of public nuisances.
- xi) Control of undertakings that sell liquor to the public.
- xii) Township development.
- xiii) Facilities for accommodation, care and burial of animals.
- xiv) Fencing and fences.
- xv) Licensing of dogs.
- xvi) Licensing and control of undertakings that sell food to the public.
- xvii) Local amenities.
- xviii) Local sport facilities.
- xix) Municipal parks and recreation.
- xx) Municipal roads.
- xxi) Noise pollution.
- Xxii) Pounds.
- xx) Public places.
- xxi) Street trading/street lighting.
- xxii) Traffic and parking.
- xxiii) Building control.
- xxiv) Licensing of motor vehicles and transport permits.
- xxv) Nature reserves.

(d) **Subsidised services**

- (i) Health and ambulance.
- (ii) Libraries and museums.
- (iii) Proclaimed roads.

- (2) Trading and economic services must be ring fenced and financed from service charges while community and subsidised services will be financed from rates, rates related income and regulatory fees. Surpluses on the trading and economic services may be transferred to subsidise the community and subsidised services

Categorisation of expenditure

- (3) Expenditure will be classified in the following categories.
- (i) Employee related costs-wages and salaries
 - (ii) Employee related costs-social contributions
 - (iii) Remuneration Councillors
 - (iv) Bad and doubtful debt contribution
 - (v) Collection costs
 - (vi) Depreciation
 - (vii) General expenditure
 - (viii) Repairs and maintenance
 - (ix) Interest expense
 - (x) Bulk purchases
 - (xi) Contracted services
 - (xii) Grants & Subsidies-projects
 - (xiii) Total expenditure
 - (xiv) Income
 - (xiii) Surplus/Deficit

Cost Centres

- (4) Cost centres will be created to which the costs associated with providing the service can be allocated-
- a) by Department;
 - b) by Section/service; and
 - c) by Division/service.
- (6) The subjective classification of expenditure each with a unique vote will be applied to all cost centres.

8. CATEGORIES OF PROPERTIES

8.1 Criteria for determining categories of properties for the purpose of levying different rates and for the purpose of granting exemptions will be according to the –

- (a) use of the property
- (b) permitted use of the property, or
- (c) geographical area in which the property is situated.

8.2 Categories of property for the municipality may include-

- (a) residential properties;

- (b) business and commercial properties;
- (c) industrial properties;
- (d) public service infrastructure;
- (e) public benefit organisations;
- (f) agricultural properties;
- (g) state-owned properties;
- (h) municipal properties;
- (i) multiple use properties;
- (j) vacant land.
- (k) accommodation establishments
- (l) eco-tourism properties
- (m) game farming properties

Properties will be categorised as follows:-

With reference to Section 8 in the Rates Policy it is recommended that the properties will be categorized as follows:

8.2(e)(Farm properties used for – (iv) residential purposes (to include; Rural Lifestyle)

8.2(g) Small holdings used for- (ii) residential purposes (to include; Rural Lifestyle)

- (a) Residential properties.
 - (i) Single Residential vacant
 - (ii) Single Residential Built – up
 - (iii) Single Residential Departure use
 - (iv) General Residential vacant
 - (v) General Residential Built-up
 - (vi) General Residential Departure use
 - (vii) Sectional Title Schemes
- (b) (i) Institutional
- (c) (i) Restricted Industrial properties.
 - (ii) Industrial properties
 - (iii) Nuisance Industrial properties
 - (iv) Unrestricted properties
 - (v) Industrial
- (d) (i) Central Business and commercial properties.
 - (ii) Peri -urban Business and commercial properties
 - (iii) Business
- (e) Farm properties used for-

- (i) agricultural purposes;
 - (ii) business and commercial purposes;
 - (iii) industrial
 - (iv) residential purposes;
 - (v) eco-tourism
 - (vi) game farming & hunting or
 - (vii) other than (i) to (v).
- (f) Farm properties not used for any purpose.
- (g) Small holdings used for-
 - (i) agricultural purposes;
 - (ii) residential purposes;
 - (iii) industrial purposes;
 - (iv) business and commercial purposes;
 - (v) eco-tourism
 - (vi) game farming & hunting or
 - (vii) other than (i) to (iv).
- (h) State-owned properties:
 - (i) State properties that provide local services
 - (ii) state properties that provide regional/municipal district-wide / metro-wide services.
- (iii) State properties that provide provincial/national services
 - (i) Municipal properties:
 - (ii) Public Open Space
- (i) Town Planning Scheme Border/Urban Edge
 - (ii) Indefinite
 - (iii) Subdivision area
 - (iv) Local Government Border
- (j) Public service infrastructure.
- (k) Privately owned towns/developments and open spaces serviced by the owner.
- (l) Formal and informal settlements on stands not subdivided into formal residential stands
- (m) Communal land as defined in the Communal Land Rights Act.
- (n) State trust land
- (o) Properties-
 - (i) acquired through Provision of Land and assistance Act, 1993 (No. 126 of 1993) or the Restitution of Land Rights Act, 1994 (No. 22 of 1994); or
 - (ii) subject to the Communal Property Associations Act, 1996 (No. 28 of 1996).
- (p) Protected areas.

- (q) National monuments
- (r) Properties owned by public benefit organisations (Part 1 of the Ninth Schedule of the Income Tax Act (58 of 1962)
- (s) Properties used for multiple purposes.
- (t) (i) Resort

9. MULTIPLE PURPOSE PROPERTIES

Properties used for multiple purposes will be categorized as follows for rating purposes:

- (i) The entire property can be categorized in terms of the permitted use of the property
- (ii) The entire property can be categorized in terms of the dominant (main or primary) use; or
- (iii) The entire property must be categorized in terms of the actual use (this categorization does not make the unauthorized land use legal)
- (iv) by apportioning the market value of a property to the different purposes for which the property is used as determined in item 8 (categories of properties) above.

If the market value of the property can be apportioned, each portion must be categorized according to its individual use as determined in item 8 above. If the market value of the property cannot be apportioned to its various use purposes, then such a property must be categorized as either (i) or (ii) above and;

- (v) applying the relevant cent amount in the rand to the corresponding apportioned market value.

10. CATEGORIES OF OWNERS

Criteria for determining categories of owners of properties, for the purpose of granting exemptions, rebates and reductions will be according to the-

- (a) indigent status of the owner of a property
- (b) sources of income or/and monthly household income of the owner of a property
- (c) owners of property situated within an area affected by-
 - (i) a disaster within the meaning of the Disaster Management Act, 2002 (Act no 57 of 2002 ; or
 - (ii) any other serious adverse social or economic conditions;
- (d) owners of residential properties with a market value below a determined threshold; or
- (e) owners of agricultural properties who are **bona fide** farmers.

11. LEVYING OF RATES

(1) Liability for rates by property owners:

Rates levied by a municipality on a property must be paid by the owner of the property, subject to section 9 of the Municipal Systems Act.

Joint owners are jointly and severally liable for the amount due for rates on that property.

In a case of agricultural property owned by more than one owner in undivided shares where the holding of such undivided shares was allowed before the commencement of the subdivision of the Agricultural Land Act (Act 70 of 1970) the municipality may consider the following options for determining the liability for rates:

- (i) If the joint owners are all available, the issue of who is liable for rates will be dealt with in the context of whether they have entered into an agreement or not regarding payment of rates liabilities.

Where the joint owners have a written agreement that a specific joint owner is liable for all the rates, the municipality will hold such a joint owner liable in respect of all the rates. A certified copy of the agreement must be submitted to the municipality.

Where there is no agreement, the municipality will hold anyone of the joint owners responsible for the whole property or hold any joint owner only liable for his undivided share

- (ii) If the joint owners are not traceable with the exception of one joint owner and such joint owner is occupying or using the entire property or a significant larger portion the municipality will hold that joint owner liable for the total rates bill.
- (iii) If the traceable joint owner is only using or occupying a small portion of the entire property, the municipality will hold that joint owner only responsible for his own undivided share in that property

(2) Method and time of payment

The municipality will recover the rate levied in periodic instalments of equal amounts in twelve months. The instalment is payable on or before the 15th day of every month, following the month in which it has been levied. Interest will be charged at 1% above the prime interest rate for any late payments received.

(3) Annual Payment Arrangements

By prior arrangement with the municipality the rate may be paid in a single amount before 30 September of the year it is levied in, however, application must be submitted before 31 May prior too the financial year of implementation of the arrangement. The Director: Financial Services will consider any applications after this date.

(4) (i) Recovery of arrear rates from owner

As soon as the annual rates becomes overdue or the monthly rates have been raised for the remaining months in the financial year, an overdue notice must be issued on the owner at the address selected by the owner.

If there is no response from the owner, a further overdue notice should be served at the property with a rider that the services to the property will be terminated within a reasonable period, the minimum being 30 days, should the rates not be paid or satisfactory arrangements made.

This notice should enquire whether the occupier is paying rent and other monies to an agent of the owner and the state that the municipality can, legally, attach the net payment. (I.e. gross receipts by the agent less commission due to the agent on those gross receipts) due to the owner by the agent to settle the arrears. Should the tenant refuse to co-operate, the services should be disconnected and the other debt management actions implemented

(4) (ii) Recovery of arrear rates from tenants, occupiers and agents

If an amount due for rates levied in respect of a property is unpaid after the day determined, the municipality may recover the amount in whole or in part from a tenant or occupier of the property. The amount the municipality might recover from the tenant or occupier of the property is limited to the amount of the rent or other money due and payable by the tenant or occupier to the owner of the property. Any amount the municipality recovers from the tenant or occupier of the property may be set off, by the tenant or occupier, against any money owed by the tenant or occupier to the owner.

The municipality may recover the amount due for rates from an agent of the owner after it has given written notice to that agent or person. The amount the municipality may recover from the agent or other person is limited to the amount of that rent received by the agent or person, less the commission due to that agent or person. (subject to the Estate Agents Act, 1976 (Act No. 112 of 1976). The agent or other person must, on request by the municipality, furnish the municipality with a written statement specifying all payments for rent on the property received by that agent or person during a period determined by the municipality.

If the managing agent is identified through the tenant's assistance, a copy of the notice, which was served on the tenant, must be served on the agent stating that failure to co-operate would lead to action being taken against the agent as well as the termination of the services at the supply address.

Should the payments by the agent not be able to redeem the arrears within the next 12 months, the monies must be attached and the next step in the debts management plan of the municipality implemented. The municipality may however decide to extend the 12 month period to such longer period that they deem fit based on the merit.

(5) deferral of payment of rates liabilities

The municipality will consider each and every application for deferral of rates, taking into account the merits and demerits of each and the financial implications thereof in so far the cash-flow of the municipality is concerned.

(6) Supplementary Valuation Debits

In the event that a property has been transferred to a new owner and an Supplementary Valuation took place, the previous owner as well as the new owner will jointly and separately be held responsible for the settling the supplementary rates account.

(7) Ownership

Properties, which vest in the Municipality during developments, i.e. open spaces and roads should be transferred at the cost of the developer to the Municipality.

Until such time, rates levied will be for the account of the developer.

(8) Clearance Certificate

Rates Clearance Certificates will be valid until 30 June of a financial year, if monies paid in full until such a date. However, should attorneys request to extend the certificate for 120 days beyond this date, and this extension of time surpasses the date of 30 June the full new year's rates or estimated rates become payable in full.

(9) Levying of rates on property in sectional title scheme

A rate on property, which is subject to a sectional title scheme, will be levied on the individual sectional title units in the scheme.

12. DIFFERENTIAL RATES

Criteria for differential rating on different categories of properties

The following has been taken into consideration for the purpose of differential rating:

- The nature of the property, including its sensitivity to rating e.g. agricultural properties used for farming purposes.
- Vacant land may be rated higher (in terms of cent amount in a rand) as the municipality is encouraging owners of vacant land to develop it and that owners should not use the vacant land for speculation purpose.
- Promotion of social and economic development of the municipality.

Differential rating among the various property categories will be done by way of setting different Cent amount in the Rand for each property category, rather than by way of reductions and rebates. This method is much easier for rate payers to understand and promotes the principle of transparency

(1) Differential rates will be based on the extent to which community services contemplated in Section 7(1) (c) and subsidised services in 7(1) (d) of this policy are provided by the municipality in respect of categories of properties contemplated in Section 8 of the policy.

(2) The Director: Financial Services will annually calculate the costs of these services and determine through a public participation process to which extent these services are used by the various categories of ratepayers. Inputs from representatives from the various categories of ratepayers must be considered and agreed upon.

- (3) Different categories of properties may pay different rates in the rand based on the market value of their properties.

13. IMPERMISSIBLE RATES

A municipality may not levy the following rates in terms of sections 16 (1) and 17 (1) of the Act:

- (i) Rates that would prejudice national economic policies.
- (ii) Rates that would prejudice economic activities across boundaries
- (iii) Rates that would prejudice national mobility of goods, services, capital or labour
- (iv) On the first 30% of market value of public service infrastructure
- (v) On any part of the seashore as defined in the Seashore Act
- (vi) On any part of the territorial waters of the Republic in terms of the Marine Zones Act (15/1994)
- (vii) On any island of which the state is the owner including the Prince Edward Islands
- (viii) On a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act no 57 of 2003), or of a national botanical garden within the meaning of the National Environment Management: Biodiversity Act of 2004 (Act no 10 of 2004) which are not developed or used for commercial, business or residential agricultural purposes.
- (ix) On a mineral right within the definition of property
- (x) On a property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses ten years from the date on which such beneficiary's title was registered in the office of the Registrar of deeds
- (xi) On the first R15, 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll to a category determined as residential property or multiple used property provided that one or more component is used for residential purposes.
- (xii) On property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community, which is occupied by an office-bearer of that community who is, officiates at services at that place of worship.

(The exclusion lapses if not used for the purposes as indicated above)

14. EXEMPTIONS, REBATES AND REDUCTIONS

14(a) In imposing the rate in the Rand for each annual operating budget component, the council shall grant the following exemptions, rebates and reductions to the **categories of properties and categories of owners** indicated, **but the council reserves the right to amend these exemptions, rebates and reductions if the circumstances of a particular annual budget so dictates.**

14.(b) In determining whether a property forms part of a particular category indicated, the municipality shall have regard to the actual use to which the relevant property is put. In the case of vacant land not specifically included in any of the categories indicated, the permitted use (zoning) of the property shall determine into which category it falls.

Municipal properties shall include properties owned by municipal entities.

NOTE: In terms of Section 17(1)(h) of the Property Rates Act, the first R15 000 of the market value of all residential properties and of all properties used for multiple purposes, provided one or more components of such properties are used for residential purposes, is exempt from the payment of rates. This amount is R15 000.

With reference to Section 14, Exemptions, Rebates and Reductions in the Rate Policy, it is recommended that the following be amended:

14 (c)

(a) Owners of agricultural properties who are *bona fide* farmers

(b) Owners of *game farms*

(c) Owners of *eco-tourism farms*

14.(c) The council grants exemptions, reductions and rebates in recognition of the following factors:

- The inability of residential property owners to pass on the burden of rates, as opposed to the ability of the owners of business, commercial, industrial and certain other properties to recover such rates as part of the expenses associated with the goods or services, which they produce.
- The need to accommodate indigents, less affluent pensioners and people depending on social grants for their livelihood.
- Owners temporarily without income
- The services provided to the community by public service organisations.
- The value of agricultural activities to the local economy coupled with the limited municipal services extended to such activities, but also taking into account the municipal services provided to municipal residents who are employed in such activities.
- The need to preserve the cultural heritage of the local community.

- The need to encourage the expansion of public service infrastructure.
- The indispensable contribution which property developers (especially In regard to commercial and industrial property development) make towards local economic development and the continuing needs to encourage such development.
- Owners of property situated within an area affected by a disaster within the meaning of the Disaster management Act or any other serious social or economic conditions
- Owners of residential properties with a market value lower than an amount determined by the municipality
- ~~Owners of agricultural properties who are **bona fide** farmers~~
- The requirements of the Property Rates Act no. 6 of 2004.
-

The municipal manager shall ensure that the revenues forgone in respect of the foregoing rebates etc. are appropriately disclosed in each annual operating budget component, in the annual financial statements and annual report as stipulated in section 15(3) &(4) of the act and that such rebates are also clearly indicated on the rates accounts submitted to each property owner.

14 (d) To Include:

Applications for Agricultural properties must reach the municipality by 30 September preceding the start of the new municipal financial year for which relief is sought. The last tax assessment proofing that the owner is taxed by SARS as a bona fide farmer must be attached to the application.

14.(d) All applications must be addressed in writing on the prescribed application form to the municipality;

A SARS tax exemption certificate / sufficient proof of status / income of household / affidavits for proof of reasons / identity documents must be attached to all applications;

Applicants must occupy the property and not be the owner of more than one property;

Where the owner is for acceptable reasons due to no fault of his/her own unable to occupy the property, the spouse or minor children may satisfy the occupancy requirements;

The municipal manager or his/her nominee must approve all applications;

Applications must reach the municipality before the end of October preceding the start of the new municipal financial year for which relief is sought; and

The municipality retains the right to refuse exemptions if the details supplied in the application form were incomplete, incorrect or false.

14.1 EXEMPTIONS

14.1 The following Categories to be excluded from Exemptions:

(ix) Indigent owners (included under 14(c) Exemptions, Reductions and Rebates)

(x) Owners dependent on pension or social grants for their livelihood (included under 14(c) Exemptions, Reductions and Rebates)

(Xii) On the first 30% of *Public Service Infrastructures* (included under 13(iv), Impermissible Rates.

To include: 14.1.1

Applications for Public Benefit organizations must reach the municipality before end October preceding the start of the new municipal financial year in which relief is sought. A tax exemption certificate issued by the South African Revenue Services(SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act ,1962 No 58 of 1962.The municipal manager or his nominee must approve all applications.

Categories of properties & owners

- (i) municipal properties
- (ii) municipal public infrastructure
- (iii) informal settlements
- (iv) museums
- (v) national monuments
- (vi) property lower in value than the amount determined by the municipality
- (vii) a right registered against immovable property
- (viii) public benefit organisations use their property for specific public benefit activities and listed in part 1 of the 9th schedule of the Income Tax Act
- ~~(ix) indigent owners~~

~~— (X) owners dependent on pension or social grants for their livelihood~~

including those owners within the same income group.

(Xi) Cemeteries & Crematoriums

~~(Xii) 30% of Public Service Infrastructure~~

14.2 REBATES

Categories of properties & owners

(1) Rebates for the following categories of owners will be considered:

(a) Rebates in respect of income categories:

The following owners may be granted a rebate on or a reduction in the rates payable on their property if they meet the following criteria-

- Registered owner of the property that resides on the property;
- Income must not exceed an amount annually set by the Council

(b) Public benefit organisations:

(i) Welfare and humanitarian

Rateable property registered in the name of an institution or organisation, which, in the opinion of the council, performs welfare and humanitarian work as contemplated in the ninth Schedule of the Income Tax Act, 1962 (Act 58 of 1962).

Rateable property, registered in the name of a trustee or trustees or any organisation, which is maintained for the welfare of war veterans.

(ii) Cultural:

Rateable property registered in the name of Boy Scouts, Girl Guides,

Sea Scouts, Voortrekkers or any other organisation which in the opinion of the council is similar or any rateable property let by a council to any of the said organizations.

The promotions, establishment, protection, preservation or maintenance of areas, collections or buildings of historical or cultural interest, national monuments, proclaimed national heritage sites, museums, including art galleries, archives and libraries.

(iii) Sport:

Sports grounds used for the purpose of amateur and any social activities, which are connected with such sport.

(iv) Conservation, environment and animal welfare:

Properties that is in the name of an organisation or institution, that is engaging in the conservation, rehabilitation or protection of the natural environment, including flora and fauna.

Rateable property registered in the name of an institution or organisation, which has as its exclusive objective the protection of tame or wild animals or birds.

(v) Education and development:

Rateable property registered in the name of an educational institution established, declared or registered by or under any law.

(vi) Health care:

Rateable property registered in the name of an institution or organisation which has as its exclusive objective is health care or counselling of terminally ill persons or persons with a severe physical or mental disability and persons affected with HIV/AIDS.

(c) Agricultural (Experimental Farms):

Rateable property, registered in the name of an agricultural society affiliated to or recognised by the South African Agricultural Union, which is used for the purposes of such a society.

(d) Municipal property and usage:

A pro-rata rebate will be granted where the municipality is engaged in land sales transactions which have taken place after the financial year has started.

Where the municipality register a road reserve or servitude on a privately owned property a pro-rata rebate equal to the value of the reserve or servitude will be given to the owner of the property.

(e) Municipal interim valuation:

When a municipal interim valuation is effected during a financial year a pro-rata rebate will be given from the beginning of the financial year until the interim valuation became effective as per Section 78 (2) b of the Act

- (f) Rateable property registered in the name of the Council, if such property is used in supplying electricity, water, or sewerage service
- (g) State hospitals, state clinics and institutions for mentally ill persons, which are not operated for gain;
- (h) Rateable property registered in the name of an institution or organisation which, in the opinion of the Council, performs charitable work;
 - (i) Owners of agricultural properties who are **bona fide** farmers
 - (j) Owners of agricultural properties use for eco-tourism
 - (k) Owners of agricultural properties use for game farming and hunting.

When considering grants on property used for agricultural purposes the council must take into account the following factors:

- The extent of municipal services provided to such property
- The contribution of agriculture to the local economy
- The assistance of agriculture to meet the service delivery- and development obligations of the municipality and
- The contribution to the social and economic welfare of the farm workers.

These proposals also apply to the mining sector.

The following rebate may be applicable to **bona fide** farmers.

The rate ratio that the Minister for Provincial and Local Government in concurrence with the Minister of Finance from time to time may determine and publish in the *Government Gazette*

Grants-in-lieu-of-rates will be granted subject to:

- (a) A certificate issued by the registered auditor of the organisation or institution stating that the activities performed is not for gain.
- (b) A certified income and expenditure statement and balance sheet that indicate the inability to pay for rates.
- (c) An assessment by the Chief Financial Officer, which indicates that the organization or institution qualifies in terms of council's policy.
- (d) Council's approval on annually providing credible proof of the ratepayers circumstances/needs to the municipality

Applications for the rebate must be submitted before the end of October preceding the new financial year for which relief is sought.

MUNICIPALITY TO DECIDE ACCORDING TO THEIR CIRCUMSTANCES/NEEDS WHAT PERCENTAGE REBATE TO GRANT

14.3 REDUCTIONS

Categories of property

- (1) A reduction in the municipal valuation as contemplated in section 15(1)(b) of the Act will be granted where the value of a property is affected by fire damage, demolition or floods or any area declared as a disaster area in terms of the Disaster Management Act
The reduction will be in relation to the certificate issued for this purpose by the municipal valuer
- (2) any other serious adverse social or economic condition;
- (3) Management of rates shocks:

The municipality may limit rates shocks to property owners due to the increase in the market value of their properties as a result of the compilation and implementation of the new valuation roll by phasing-in the new market value as reflected in the valuation roll over the four year life cycle of the valuation role or by reducing the rate in the Rand levied on the new valuation roll drastically

The table below explains the phasing-in method.

Valuation Cycle	Value on a roll without phasing-in (in Rand)	Rates payable assuming 1Cent/Rand	Value on a roll after phasing-in (in Rand), Assuming 25% phasing in.	Rates payable assuming 1Cent/Rand
Last Year of cycle	60 000	600	60 000	600
1 st Year in new cycle	70 000	700	62 500	625
2 nd Year in new cycle	70 000	700	65 000	650
3 rd Year in new cycle	70 000	700	67 500	675
4 th (last) Year in cycle	70 000	700	70 000	700

15 COMPULSORY PHASING-IN OF CERTAIN RATES

Rates levied on newly rateable properties must be phased in over a period of three years, the MEC for local government may extend, on written request by the municipality, this period to a maximum of six financial years.

When extending a phasing-in period, the MEC must determine the minimum phasing-in discount on the rate payable during each financial year in the extended period.

16. COSTS OF EXEMPTIONS, REBATES, REDUCTIONS, PHASING IN OF RATES AND GRANTS-IN-LIEU OF RATES

- (1) During the budget process the Director: Financial Services must inform council of all the costs associated with the suggested exemptions, rebates, reductions, phasing in of rates and grants-in-lieu of rates.
- (2) Provisions must be made in the operating budget –
 - (a) for the full potential income associated with property rates; and
 - (b) for the full costs associated with exemptions, rebates, reductions, phasing in of rates and grants-in-lieu of rates.

- (a) Projections regarding revenue foregone for a financial year in relation to exemptions, rebates, reductions, exclusions, phasing – in etc. must be reflected in the council's annual budget for that year.
- (d) A list of all exemptions, rebates, reductions, exclusions, phasing in etc. must be tabled before council.

17. SPECIAL RATING AREA

The municipality may by council resolution determine an area within its boundaries as a special rating area for the purpose of raising funds for improving or upgrading that area; and differentiate between categories of property when levying an additional rate.

Before determining a special rating area the municipality must consult the local community on the proposed boundaries of the area, the proposed improvement or upgrading of the area and obtain the consent of the majority of the ratepayers in that proposed special rating area.

The municipality must determine the boundaries and indicate how the area is to be improved or upgraded by the funds derived from the additional rate. Establish a separate accounting and record-keeping system regarding the revenue generated by the special rate and the improvement or upgrading of the area.

The municipality may establish a committee composed of persons representing the community to act as a consultative and advisory forum. Representivity, including gender must be taken into account when such a committee is established.

18 RATE INCREASES

- (1) The municipality shall consider increasing rates annually during the budget process taking into account the following criteria:
 - (i) Priorities of the municipality reflected in its Integrated Development Plan (IDP)
 - (ii) The revenue needs of the municipality
 - (iii) The need for management of rates shocks
 - (iv) Affordability of rates to ratepayers
- (2) Rates increases will be used to finance the increase in operating costs of community and subsidised services.
- (3) Relating to community and subsidised services:-
 - (a) The following annual adjustments will be made:-
 - (i) All salary and wage increases as agreed at the National Bargaining Council.
 - (ii) An inflation adjustment for general expenditure, repairs, maintenance, and contributions to funds.
 - (iii) Additional depreciation costs or interest and redemption on loans associated with the assets created during the previous financial year.

- (4) Extraordinary expenditure not foreseen during the previous budget period and approved by the council during a budget review process will be financed by an increase in property rates.
- (5) All increases in the property rates will be communicated to the local community in terms of the council's policy on community participation.
- (6) The Minister may, with the concurrence of the Minister of Finance and by notice in the Gazette, set an upper limit on the percentage by which rates on property categories or a rate on a specific category of properties may be increased; or the total revenue derived from rates on all property categories or a rate on a specific category of properties may be increased.

19. DISREGARDED ITEMS FOR VALUATION PURPOSES

The following must not be taken into account in determining the market value of a property:

- (i) Any building or other immovable structure under the surface of the property which is the subject matter of any mining authorization or mining right defined in the Mineral and Petroleum Resources Development Act, 2002 (Act no 28 of 2002)
- (ii) the value of any equipment or machinery which, in relation to the property concerned, is immovable property, excluding-
 - (a) a lift
 - (b) an escalator
 - (c) an air-conditioning plant
 - (d) fire extinguishing apparatus
 - (e) a water pump installation for a swimming pool or for irrigation or domestic purposes; and
 - (f) any other equipment or machinery that may be prescribed; and
- (iii) an unregistered lease in respect of the property
- (iv) in respect of property used for agricultural purposes the value of any annual crops or growing timber on the property that have yet not been harvested at the date of valuation.

20. LOCAL, SOCIAL AND ECONOMIC DEVELOPMENTS

The municipality may grant rebates to organisations that promotes local, social and economic development in its area of jurisdiction based on the criteria determined in its local, social and economic development policy. The following criteria will apply:

- (a) job creation in the municipal area;
- (b) social upliftment of the local community; and poverty alleviation to the indigents
- (c) Improve local economic growth
- (d) Promote service delivery

21. REGISTER OF PROPERTIES

The Chief Financial Officer must draw up and maintain a register of properties as contemplated in section 23 of the Act.

22. NOTIFICATION OF RATES

- (1) The council will give notice of all rates approved at the annual budget meeting at least 30 days prior to the date that the rates become effective. Accounts delivered after the 30 days notice will be based on the new rates.
- (2) A notice stating council's resolution, date on which the new rates shall become operational will be published in the media and the ***Provincial Gazette*** and displayed by the municipality at places installed for that purpose.

23. CORRECTION OF ERRORS AND OMISSIONS

Where the rates levied on a particular property have been incorrectly determined, whether by an error or omission on the part of the municipality, or false information provided by the property owner concerned, or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected, back to the date on which rates were first levied in terms of the current valuation roll. In addition, where the error occurred because of false information provided by the property owner or because of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

24. FREQUENCY OF VALUATIONS

The municipality shall prepare a new valuation roll every 4 (four) years and a supplementary valuation roll annually.

25. GENERAL VALUATION AND PREPARATION OF VALUATION ROLLS

A municipality intending to levy a rate on property must cause a general valuation to be made of all properties in the municipality, and must prepare a valuation roll of all properties in terms of such valuation.

All ratable properties in a municipal area must be valued during such general valuation, including all properties fully or partially excluded from rates in terms of Section 17 of the present Act. However, if the municipality does not intend to levy rates on its own property, on public service infrastructure owned by a municipal entity, on rights in properties, and on properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure resulting from past racial discrimination, the municipality is not obliged to value such properties as part of the valuation process.

A municipality may also apply to the Minister for exemption from the obligation to value properties excluded from rates in terms of Section 17 if the municipality can demonstrate that the valuation of such properties is too onerous for it, given its financial and administrative capacity.

Properties which have not been valued, because of any of the foregoing considerations, must nevertheless be included in the valuation roll.

26. DATE OF VALUATION

For the purposes of a general valuation a municipality must determine a date that may be not more than 12 months before the start of the financial year in which the valuation roll is to be first implemented.

The general valuation must reflect the market values of properties in accordance with market conditions which apply as at the date of the valuation, and in accordance with any other applicable provisions of the present Act.

27. COMMENCEMENT AND PERIOD OF VALIDITY OF VALUATION ROLLS

A valuation roll takes effect from the start of the financial year following completion of the public inspection period required by the present Act, and remains valid for that financial year or for one or more subsequent financial years, as the municipality may decide, but in total not for more than four financial years.

Section 32(2) provides for the extension of the period of validity of the valuation roll by the MEC for Local Government, but only up to a period of five financial years, and only in specified circumstances

28. GENERAL BASIS OF VALUATION

The market value of a property is the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer.

29. VALUATION OF PROPERTY IN SECTIONAL TITLE SCHEMES

When valuing a property which is subject to a sectional title scheme, the valuer must determine the market value of each sectional title unit in the scheme.

30. GENERAL

A municipality must regularly, but at least once a year, update its valuation roll by causing a supplementary valuation roll to be prepared, or the valuation roll itself to be amended.

31. ENFORCEMENT / IMPLEMENTATION

This policy has been approved by the Municipality in terms of resolution C/2/ /04/09 dated 6 April 2009 and comes into effect from 1 July 2009

32. LEGAL REQUIREMENTS

A paraphrase and in some instances an abridgement of the key requirements of the Local Government: Property Rates Act no. 6 of 2004 is attached as an Addendum “A” to this policy.

33. SHORT TITLE

This policy is the **Property Rates Policy** for the **Bitou Local Municipality**

ADDENDUM “A”

LEGAL REQUIREMENTS:

CAUTIONARY NOTE

This paraphrase is not meant to cover the complete contents of the Property Rates Act, but is focused rather on those requirements, which are immediately relevant to a municipality’s rates policy. Thus, the section dealing with transitional arrangements has been omitted, and so have most of the provisions dealing with the valuation process.

SECTION 2: POWER TO LEVY RATES

A metropolitan or local municipality may levy a rate on property in its municipal area. A municipality must exercise its power to levy a rate on property subject to Section 229 and any

other applicable provisions of the Constitution, the provisions of the present Act, the regulations pertaining thereto and the rates policy it must adopt in terms of this Act.

SECTION 3: ADOPTION AND CONTENTS OF RATES POLICY

Logical order of processes for implementation of the Act.

- (a) Rates policy development and adoption including categorization of properties for
- (b) the purpose of compiling the valuation roll.
- (c) Compilation of the valuation roll in order to determine the market value of properties so as to inform the determination of a reasonable amount in a Rand to be determined in respect of the various categories of ratable property taking into account the budget.
- (d) Tabling of the municipal budget accompanied by an adopted rates policy in terms of section 3 (2) of the Act.
- (2) Section 3 (3) (e) of the Act must be complied with by providing a general description of that which may be foregone by the municipality without quantifying it in Rand & Cent

The council of a municipality must adopt a policy consistent with the present Act on the levying of rates on ratable property in the municipality.

Such a rates policy will take effect on the effective date of the first valuation roll prepared by the municipality in terms of the present Act, and such policy must accompany the municipality's budget for the financial year concerned when that budget is tabled in the council in terms of the requirements of the Municipal Finance Management Act.

A rates policy must:

- treat persons liable for rates equitably;
- determine the criteria to be applied by the municipality if it:
 - levies different rates for different categories of property;
 - exempts a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate on their properties;
 - grants to a specific category of owners of properties, or to the owners of a specific category of properties, a rebate on or a reduction in the rate payable in respect of their properties; or
 - increases rates;
- determine or provide criteria for the determination of categories of properties for the purposes of levying different rates, and categories of owners of properties, or categories of properties, for the purpose of granting exemptions, rebates and reductions;
- determine how the municipality's powers in terms of Section 9 must be exercised in relation to properties used for multiple purposes;

- identify and quantify in terms of cost to the municipality and any benefit to the local community, exemptions, rebates and reductions; exclusions; and rates on properties that must be phased in in terms of Section 21;
- take into account the effect of rates on the poor and include appropriate measures to alleviate the rates burden on them;
- take into account the effect of rates on organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for tax reductions because of those activities, in the case of property owned and used by such organisations for those activities;
- take into account the effect of rates on public service infrastructure;
- allow the municipality to promote local, social and economic development; and
- identify, on a basis as may be prescribed, all ratable properties in the municipality that are not rated in terms of Section 7.

When considering the criteria to be applied in respect of any exemptions, rebates and reductions on properties used for agricultural purposes, a municipality must take into account:

- the extent of services provided by the municipality in respect of such properties;
- the contribution of agriculture to the local economy;
- the extent of which agriculture assists in meeting the service delivery and development obligations of the municipality; and
- the contribution of agriculture to the social and economic welfare of farm workers.

Any exemptions, rebates or reductions granted and provided for in the rates policy adopted by a municipality must comply and be implemented in accordance with a national framework that may be prescribed after consultation with organized local government.

No municipality may grant relief in respect of the payment of rates to:

- a category of owners of properties, or to the owners of a category of properties, other than by way of an exemption, rebate or reduction as provided for in its rates policy and granted in terms of Section 15 of the present Act; or
- the owners of properties on an individual basis.

SECTION 4: COMMUNITY PARTICIPATION

Before a municipality adopts its rates policy, the municipality must follow the process of community participation envisaged in Chapter 4 of the Municipal Systems Act; and comply with the following requirements, as set out below.

The municipal manager of the municipality must:

- conspicuously display the draft rates policy for a period of at least 30 days at the municipality's head and satellite offices and libraries, and, if the municipality has an official website or a website available to it, on that website as well; and

- publish in the media a notice stating that a draft rates policy has been prepared for submission to the council, and that such policy is available at the various municipal offices for public inspection, and (where applicable) is also available on the relevant website; and inviting the local community to submit comments and representations to the municipality within a period specified in the notice, but which period shall not be less than 30 days.

The council must take all comments and representations made to it into account when it considers the draft rates policy.

SECTION 5: ANNUAL REVIEW OF RATES POLICY

The council must annually review, and – if needed – amend its rates policy. Any amendments to the rates policy must accompany the municipality’s annual budget when it is tabled in the council in terms of the Municipal Finance Management Act.

When the council decides to amend the rates policy, community participation must be allowed for as part of the municipality’s annual budget process.

SECTION 6: BY-LAWS TO GIVE EFFECT TO RATES POLICY

A municipality must adopt by-laws to give effect to the implementation of its rates policy, and such by-laws may differentiate between different categories of properties, and different categories of owners of properties liable for the payment of rates.

SECTION 7: RATES TO BE LEVIED ON ALL RATEABLE PROPERTY

When levying rates a municipality must levy such rates on all ratable property in its area, but it is nevertheless not obliged to levy rates on:

- properties of which the municipality itself is the owner;
- public service infrastructure owned by a municipal entity;
- rights registered against immovable property in the name of a person;
- properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure attributable to past racially discriminatory laws or practices.

The requirement to levy rates on all ratable properties does not prevent a municipality from granting exemptions or rebates on, or reductions in rates levied.

SECTION 8: DIFFERENTIAL RATES

A municipality may in terms of the criteria set out in its rates policy levy different rates for different categories of ratable property, and these categories may be determined according to the:

- use of the property;
- permitted use of the property; or

- geographical area in which the property is situated.

Categories of ratable property that may be determined include the following:

- residential properties
- industrial properties
- business and commercial properties
- farm properties used for:
 - agricultural purposes
 - other business and commercial purposes
 - residential purposes
 - Industrial
 - eco-tourism
 - game farming & -hunting
 - purposes other than those specified above
- farm properties not used for any purpose
- smallholdings used for:
 - agricultural purposes
 - residential purposes
 - industrial purposes
 - business and commercial purposes
 - eco-tourism
 - game farming & -hunting
 - purposes other than those specified above
- state owned properties
- municipal properties
- public service infrastructure
- privately owned towns serviced by the owner
- formal and informal settlements
- communal land
- state trust land
- properties acquired through the provision of Land Assistance Act 1993 or the Restitution of Land Rights Act 1994 or which is subject to the Communal Property Associations Act 1996
- protected areas
- properties on which national monuments are proclaimed
- properties owned by public benefit organisations and used for any specific public benefit activities
- properties used for multiple purposes.

SECTION 9: PROPERTIES USED FOR MULTIPLE PURPOSES

A property used for multiple purposes must, for rates purposes, be assigned to a category determined by the municipality for properties used for:

- a purpose corresponding with the permitted use of the property, if the permitted use of the property is regulated;
- a purpose corresponding with the dominant use of the property; or
- multiple purposes, as specified in Section 8 above.

A rate levied on a property assigned to a category of properties used for multiple purposes must be determined by:

- apportioning the market value of the property, in a manner as may be prescribed to the different purposes for which the property is used; and
- applying the rates applicable to the categories determined by the municipality for properties used for those purposes to the different market value apportionments.
-

SECTION 10: LEVYING OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES

A rate on a property, which is subject to a sectional title scheme, must be levied on the individual sectional title units in the scheme, and not on the property on a whole.

SECTION 11: AMOUNT DUE FOR RATES

A rate levied by a municipality on property must be stated as an amount in the rand:

- on the market value on the property;
- in the case of public service infrastructure, on the market value of the public service infrastructure less 30% of that value;
- in the case of property to which Section 17(1)(h) applies, on the market value of the property less the amount stated in that section (note the section concerned deals with the requirement that the first R15 000 of the market value of certain properties is not ratable).

SECTION 12: PERIODS FOR WHICH RATES MAY BE LEVIED

In levying rates, a municipality must levy the rate for a financial year. A rate lapses at the end of the financial year for which it was levied.

The levying of rates forms part of the municipality's annual budget process, and the municipality must therefore annually, at the time of its budget process, review the amount in the rand of its current rates in line with the annual budget for the next financial year.

SECTION 13: COMMENCEMENT OF RATES

A rate becomes payable as from the start of the particular financial year, or if the municipality's annual budget is not approved by the start of the financial year, as from such later date when

the municipality's annual budget, including the resolution levying the rates, is approved by the provincial executive in terms of section 26 of the Municipal Finance Management Act.

SECTION 14: PROMULGATION OF RESOLUTIONS LEVYING RATES

A rate is levied by a municipality by a resolution passed by the council with a supporting vote of a simple majority of its members.

The resolution for levying the rates must be promulgated by publishing the resolution in the provincial gazette.

Whenever a municipality passes a resolution to levy rates, the municipal manager must, without delay, conspicuously display the resolution for a period of at least 30 days at the municipality's head and satellite offices and libraries, and if the municipality has an official website or a website is available to it, on that website as well; and advertise in the media a notice stating that the resolution levying the property rates has been passed by the council, and that the resolution is available at the municipality's head and satellite offices as so forth.

SECTION 15: EXEMPTIONS, REDUCTIONS AND REBATES

A municipality may in terms of the criteria, which it has set out in its rates policy:

- exempt a specific category of owners of properties, or the owners of a specific category of properties, from payment of the rate levied on their property; or
- grant to a specific category of owners, or to the owners of a specific category of properties, a rebate on or a reduction in the rates payable in respect of their properties.
- In granting exemptions, reductions and rebates in respect of owners or categories of properties, a municipality may determine such categories in accordance with Section 8 of the Act, and when granting exemptions, reductions or rebates in respect of categories of owners of properties, such categories may include:
 - indigent owners;
 - owners dependent on pensions or social grants for their livelihood including owners of properties within the income group of pensions or social grants
 - owners temporarily without income;
 - owners of property situated within an area affected by a disaster or any other serious adverse social or economic conditions;
 - owners of residential properties with a market value lower than an amount determined by the municipality; and
 - owners of agricultural properties who are bona fide farmers.

The municipal manager must annually table in the council:

- a list of all exemptions, reductions and rebates granted by the municipality during the previous financial year; and

- a statement reflecting the income, which the municipality has forgone during the previous financial year by way of such exemption, reductions and rebates, exclusions referred to in the Act, and the phasing in discount granted in terms of Section 21.

All exemptions, reductions and rebates projected for a financial year must be reflected in the municipality's annual budget for that year as income on the revenue side and expenditure on the expenditure side. In terms of the Constitution, a municipality may not exercise its power to levy rates on property in a manner that materially and unreasonably prejudices national economic policies, economic activities across its boundaries, or the national mobility of goods, services, capital and labour.

If a rate on a specific category of properties, or a rate on a specific category of owners of properties above a specific amount in the rand, is materially and unreasonably prejudicing any of the matters referred to above, the Minister of Provincial and Local Government may, by notice in the gazette, give notice to the relevant municipality that the rate must be limited to an amount in the rand specified in the notice.

SECTION 17: OTHER IMPERMISSIBLE RATES (ABRIDGED)

A municipality may not levy a rate on:

- the first 30% of the market value of public service infrastructure;
- any part of the seashore;
- any part of the territorial waters of the Republic;
- any islands of which the state is the owner;
- those parts of a special nature reserve, national park or nature reserve or national botanical garden which are not developed or used for commercial, business, agricultural or residential purposes;
- mineral rights;
- property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses 10 years from the date on which such beneficiary's title was registered in the office of the registrar of deeds;
- the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll to a category determined by the municipality for residential purposes or for properties used for multiple purposes, provided one or more components of the property are used for residential purposes;
- a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office bearer of that community and who officiates at services at that place of workshop.

(The remainder of this Section deals with situations where the various exemptions lapse).

SECTION 18: EXEMPTION OF MUNICIPALITIES FROM PROVISIONS OF SECTION 17

The municipality may apply in writing to the Minister for Provincial and Local Government to be exempted from applying the exemptions granted in respect of the first 30% of the market value of public infrastructure, the exemptions on nature reserves, national parks and national botanical gardens, the exemption on property belonging to land beneficiaries, and the exemption applying to the first R15 000 of the market value of residential and multiple used property. If the municipality can demonstrate that such exclusions are compromising or impeding its ability or right to exercise its powers or perform its functions within the meaning of the Constitution.

SECTION 19: IMPERMISSIBLE DIFFERENTIATION

A municipality may not levy:

- different rates on residential properties (except where transitional arrangements apply or where some of the properties are newly ratable) as [provided for in terms of section 11(i) (b) and section 89 of the act supra.
- a rate on non-residential properties that exceeds a prescribed ratio to the rate on residential properties;
- rates which unreasonably discriminate between categories of non-residential properties; and
- additional rates, except as provided for in Section 22.
- The municipality will comply with the ratios set by the Minister of Provincial and Local Government in concurrence with the Minister of Finance.

SECTION 20: LIMITS ON ANNUAL INCREASES OF RATES

The Minister of Provincial Local Government may, with the concurrence of the Minister of Finance and by notice in the gazette, set an upper limit on the percentage by which rates on properties or a rate on a specific category of properties may be increased. Different limits may be set for different kinds of municipalities or different categories of properties.

The Minister may, on written application by a municipality, and on good cause shown, exempt such municipality from a limit set in terms of the foregoing. This section must be read with section 43 of the Municipal Finance Management Act

SECTION 21: COMPULSORY PHASING IN OF CERTAIN RATES

A rate levied on newly ratable property must be phased in over a period of three financial years. Similarly, a rate levied on property owned by a land reform beneficiary must, after the exclusion period of ten years has lapsed, be phased in over a period of three financial years.

A rate levied on a newly ratable property owned and used by organisations conducting specified public benefit activities must be phased in over a period of four financial years.

The phasing in discount on a property must:

- in the first year, be at least 75% of the rate for that year otherwise applicable to that property;
- in the second year, be at least 50% of the rate for that year otherwise applicable to that property, and;
- in the third year, be at least 25% of the rate for that year otherwise applicable to that property.

No rate may be levied during the first year on newly ratable property owned and used by organisations conducting specified public benefit activities. Thereafter the phasing in discount shall apply as for other newly ratable property except that the 75% discount shall apply to the second year, the 50% to the third year, and the 25% to the fourth year.

A rate levied on newly ratable property may not be higher than the rate levied on similar property or categories of property in the municipality.

SECTION 22: SPECIAL RATING AREAS (ABRIDGED)

A municipality may by a resolution of its council determine an area within that municipality as a special rating area, levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area, and differentiate between categories of properties when levying such additional rate.

For determining such a special rating area, the municipality must undertake a prescribed process of consultation with the local community, and obtain the consent of the majority of the members of the local community in the proposed special rating area who will be liable for paying the additional rate.

The levying of an additional rate may not be used to reinforce existing inequities in the development of the municipality, and any determination of a special rating area must be consistent with the objectives of the municipality's IDP.

SECTION 23: REGISTER OF PROPERTIES

The municipality must draw up and maintain a register in respect of all properties situated within that municipality, dividing such register into a part A and a part B.

Part A of the register consists of the current valuation roll of the municipality, including any supplementary valuation rolls prepared from time to time.

Part B of the register specifies which properties on the valuation roll or any supplementary valuation rolls are subject to:

- an exemption from rates in terms of Section 15 of the present Act;
- a rebate on or a reduction in the rate in terms of Section 15;
- a phasing in of the rate in terms of Section 21; and

- an exclusion referred to in Section 17.

The register must be open for inspection by the public during office hours, and if the municipality has an official website or a website available to it, the register must also be displayed on that website.

The municipality must at regular intervals, but at least annually, update part B of the register.

SECTION 24: PROPERTY RATES PAYABLE BY OWNERS

The owner of the property must pay a rate levied by a municipality on property.

Joint owners of a property are jointly and severally liable for the amount due for rates on that property.

In the case of agricultural property owned by more than one owner in undivided shares, the municipality must consider whether in the particular circumstances it would be more appropriate for the municipality to hold any one of the joint owners liable for all rates levied in respect of the agricultural property, or to hold any joint owner only liable for that portion of the rates levied on the property that represent that joint owner's undivided share in the agricultural property.

SECTION 25: PAYMENT OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES

The rate levied by a municipality on a sectional title unit is payable by the owner of the unit.

The municipality may not recover the rate on such sectional title unit, or any part of such rate, from the body corporate controlling the sectional title scheme, except when the body corporate itself is the owner of any specific sectional title unit.

SECTION 26: METHOD AND TIME OF PAYMENT

A municipality must recover a rate on a monthly basis, or less often as may be prescribed in terms of the Municipal Finance Management Act, or annually, as may be agreed to with the owner of the property.

If the rate is payable in a single annual amount, it must be paid on or before a date determined by the municipality. If the rate is payable in installments, it must be paid on or before a date in each period determined by the municipality.

Payment of rates may be deferred but only in special circumstances

SECTION 27: ACCOUNTS TO BE FURNISHED

A municipality must furnish each person liable for the payment of a rate with a written account specifying:

- the amount due for rates payable;
- the date on or before which the amount is payable;

- how the amount was calculated;
- the market value of the property;
- if the property is subject to any compulsory phasing in discount in terms of Section 21, the amount of the discount, and
- if the property is subject to any additional rate in terms of Section 22, the amount due for additional rates.

The person liable for payment of the rates remains liable for such payment whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, that person must make the necessary enquiries from the municipality.

SECTION 28: RECOVERY OF RATES IN ARREARS FROM TENANTS AND OCCUPIERS

If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined for payment by the municipality, the municipality may recover the amount in whole or in part from a tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier. The municipality may recover an amount only after it has served a written notice on such tenant or occupier.

The amount that the municipality may recover from the tenant or occupier is limited to the amount of the rent or other money due or payable, but not yet paid, by such tenant or occupier to the owner of the property.

SECTION 29: RECOVERY OF RATES FROM AGENTS

A municipality may recover the amount due for rates on a property in whole or in part from the agent of the owner, if this is more convenient for the municipality, but only after the municipality has served a written notice on the agent in this regard.

The amount that the municipality may recover from the agent is limited to the amount of any rent or other money received by the agent on behalf of the owner, less any commission due to the agent.

SECTION 30: GENERAL VALUATION AND PREPARATION OF VALUATION ROLLS

A municipality intending to levy a rate on property must cause a general valuation to be made of all properties in the municipality, and must prepare a valuation roll of all properties in terms of such valuation.

All ratable properties in a municipal area must be valued during such general valuation, including all properties fully or partially excluded from rates in terms of Section 17 of Act. However, if the municipality does not intend to levy rates on its own property, on public service infrastructure owned by a municipal entity, on rights in properties, and on properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally

insecure tenure resulting from past racial discrimination, the municipality is not obliged to value such properties as part of the valuation process.

A municipality may also apply to the Minister for exemption from the obligation to value properties excluded from rates in terms of Section 17 if the municipality can demonstrate that the valuation of such properties is too onerous for it, given its financial and administrative capacity.

Properties, which have not been valued, because of any of the foregoing considerations, must nevertheless be included in the valuation roll.

SECTION 31: DATE OF VALUATION

For the purposes of a general valuation, a municipality must determine a date that may be not more than 12 months before the start of the financial year in which the valuation roll is to be first implemented.

The general valuation must reflect the market values of properties in accordance with market conditions, which apply as at the date of the valuation, and in accordance with any other applicable provisions of the present Act.

SECTION 32: COMMENCEMENT AND PERIOD OF VALIDITY OF VALUATION ROLLS (ABRIDGED)

A valuation roll takes effect from the start of the financial year following completion of the public inspection period required by the present Act, and remains valid for that financial year or for one or more subsequent financial years, as the municipality may decide, but in total not for more than four financial years.

Section 32(2) provides for the extension of the period of validity of the valuation roll by the MEC for Local Government, but only up to a period of five financial years, and only in specified circumstances.

SECTION 46: GENERAL BASIS OF VALUATION (ABRIDGED)

The market value of a property is the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer.

SECTION 47: VALUATION OF PROPERTY IN SECTIONAL TITLE SCHEMES

When valuing a property, which is subject to a sectional title scheme, the valuer must determine the market value of each sectional title unit in the scheme.

SECTION 77: GENERAL

A municipality must regularly, but at least once a year, update its valuation roll by causing a supplementary valuation roll to be prepared, or the valuation roll itself to be amended.

SECTION 80: CONDONATION OF NON-COMPLIANCE WITH TIME PERIODS:

- (1) The MEC for local government in a province may, on good cause shown, and on such conditions as the MEC may impose, condone any non-compliance with a provision of this Act requiring any act to be done within a specified period or permitting any act to be done only within a specific period.
- (2) Non-compliance with section 21, 23 or 32 may not be condoned in terms of subsection (1)
- (3) The powers conferred in terms of this section on an MEC for local government may only be exercised within a framework as may be prescribed.

SECTION 81: PROVINCIAL MONITORING:

- (1) The MEC for local government in a province must monitor whether municipalities in the province comply with the provisions of this Act
- (2) If the municipality fails to comply with the provisions of this Act, the MEC may take any appropriate steps to ensure compliance, including proposing an intervention by the provincial executive in terms of section 139 of the Constitution.

SECTION 87: APPLICATION WHEN IN CONFLICT WITH OTHER LAWS

This Act prevails in the event of any inconsistency between this Act and any other legislation regulating the levying of municipal rates

ANNEXURE “B”

PERCENTAGE OF SERVICE USED

COMMUNITY SERVICES	RESIDENTIAL	INDUSTRIAL	BUSINESS	AGRICULTURAL
Administration				
Air pollution				
Cemeteries				
Control of undertaking selling liquor to the public				
Fencing and fences				
Fixed billboards and advertisements				
Facilities for accommodation, care and burial of animals				
Fire Fighting				
Local tourism				
Local amenities				
Licensing of dogs				
Local sport facilities				
Licensing for undertakings that sell food to the public				
Municipal public works				
Municipal planning				
Municipal parks and recreation				
Public nuisances				
Storm water				
Township development				
Trading regulations				
Municipal roads				
Noise pollution				
Pounds				
Public places				

COMMUNITY SERVICES	RESIDENTIAL	INDUSTRIAL	BUSINESS	AGRICULTURAL
Street trading/street lighting				
Traffic and parking				
Building control				
Licensing of motor vehicles and transport permits				
Nature reserves				
SUBSIDISED SERVICES				
Health and ambulance				
Libraries and museums				
Proclaimed roads				



FUNDING AND RESERVES POLICY

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Date: May 2010

Summary: This document describes the Funding and Reserves Policy that will be applicable to the municipality, detailed.

Approved: This policy was approved by the Municipal Council on
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Signature: _____ **Date:** _____

Municipal Manager

FUNDING AND RESERVE POLICY

1. INTRODUCTION AND OBJECTIVE

The Council sets as objective a long term financially sustainable municipality with acceptable levels of service delivery to the community.

This policy aims to set standards and guidelines towards ensuring financial viability over both the short- and long term and includes funding as well as reserves requirements.

2. SECTION A: FUNDING POLICY

2.1 LEGISLATIVE REQUIREMENTS

In terms of Sections 18 and 19 of the Municipal Finance Management Act (Act No 56 of 2003) (MFMA), an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes. and
- Borrowed funds, but only for capital projects.

Furthermore, spending on a capital project may only be commenced once the funding sources have been considered, are available and have not been committed for other purposes.

The requirements of the MFMA are therefore clear in that the budget must be cash – funded i.e. cash receipts inclusive of prior cash surpluses must equal or be more than cash paid.

In determining whether the budget is actually cash funded and in addition ensuring long term financial sustainability, the municipality will use analytical processes, including those specified by National Treasury from time to time.

2.2 STANDARD OF CARE

Each functionary in the budgeting and accounting process must do so with judgment and care, under the prevailing circumstances, as a person of prudence, discretion and intelligence would exercise to the management of his or her own finances with the primary objective of ensuring that the objectives of this policy are achieved.

2.3 STATEMENT OF INTENT

The municipality will not pass a budget which is not cash – funded or where any of the indicators as listed in this document are negative, unless acceptable reasons can be provided for non-compliance, provided that the requirements of the MFMA must at all times be adhered to.

2.4 CASH MANAGEMENT

Cash must be managed in terms of the municipality's Cash Management and Investment Policy.

2.5 DEBT MANAGEMENT

Debt must be managed in terms of the municipality's Debt Management Policy, together with any requirements in this policy.

2.6 FUNDING THE OPERATING BUDGET

2.6.1 INTRODUCTION

The municipality's objective is that the user of municipal resources must pay for such usage in the period it occurs.

The municipality however, recognises the plight of the poor, and in line with national and provincial objectives, the municipality commits itself to subsidised services to the poor. This will necessitate cross subsidisation in tariffs to be calculated in the budget process.

2.6.2 GENERAL PRINCIPLE WHEN COMPILING THE OPERATING BUDGET

The following specific principles apply when compiling the budget:

- a) The budget must be cash – funded, i.e. revenue and expenditure projections must be realistic and the provision for impairment of receivables must be calculated on proven recovery rates;
 - b) Growth parameters must be realistic and be based on historic patterns adjusted for current reliable information;
 - c) Tariff adjustments must be fair, taking into consideration general inflation indicators as well as the geographic region's ability to pay;
 - d) Revenue from Government Grants and Subsidies must be in accordance with the amounts promulgated in the Division of Revenue Act, proven
-

provincial transfers and any possible transfers to or from other municipalities.

For the purpose of the Cash flow budget any National or Provincial grants that have been re-appropriated for roll-over purposes must be excluded from the calculation as it must be included in changes in Cash and Cash Equivalents and Payables.

Furthermore, in the budget the total grants recognised as revenue must equal the total expected expenditure from grants, inclusive of capital expenditure and VAT as per directive given in MFMA circular 48.

- e) Projected revenue from services charges must be reflected as net (all billing less revenue foregone, which is free basic services, discounts and rebates).
- f) Projected revenue from property rates must include all rates to be levied, but rebates and discounts must be budgeted for as either revenue foregone or a grant, as per directive in MFMA Budget Circular 51, depending on the conditions of the exemption, rebate or reduction.

For the purpose of the Cash flow Budget all rebates and discounts must be deducted from the projected revenue.

- g) Only changes in fair values related to cash may be included in the cash flow budget. Changes to unamortised discount must be included in the Operating Budget but excluded in the cash flow budget.
- h) Employee related costs include contributions to non-current and current employee benefits. It is acknowledged that the non-current benefits' requirements are well above the initial cash capabilities of the municipality, and it is therefore determined that provision for the short term portion of employee benefits, as well as an operating surplus calculated at 5% of the prior year balance of the long-term benefits, be included in the operating budget, in order to build sufficient cash for these requirements. The cash portion of the employee benefits must be accounted for in an "Employee Benefits Reserve".
- i) Depreciation must be fully budgeted for in the operating budget.

In order to ensure a sufficient accumulation of cash for the replacement of Property, Plant and Equipment and Intangible Assets, the amount of depreciation on assets funded from own sources, excluding assets funded from grants, public contributions and external loans must be reflected as a surplus on the cash flow budget.

- j) Contributions to provisions (non-current and current) do not form part of the cash flow. It is however, necessary to provide for an increase in cash resources in order to comply with the conditions of the provision at the time when it is needed.

It is therefore a requirement that the contribution to current provisions, as well as 20% of the prior year balance of the non current provision, is budgeted as cash surpluses until the necessary funding level is obtained.

2.7 FUNDING THE CAPITAL BUDGET

2.7.1 INTRODUCTION

The municipality's objective is to maintain, through proper maintenance and replacement measures, existing levels of service and to improve and implement services which are neglected or non – existent.

In order to achieve this objective the municipality must annually, within financial means, budget for the replacement of redundant assets as well as new assets.

2.7.2 FUNDING SOURCES FOR CAPITAL EXPENDITURE

The capital budget can be funded by way of own contributions, grants, public contributions as well as external loans.

Own Contributions

The capital budget financed from own contributions must primarily be funded from the Capital Replacement Reserve.

Notwithstanding the above the capital budget or portions thereof may also be funded from surplus cash. The allocations of the funding sources from own contributions are determined during the budget process.

Grants (Including Public Contributions)

Grants for capital expenditure have become a common practice, especially in order to extend service delivery to previously disadvantaged areas. While such grants are welcomed, care should also be taken that unusual grant funding does not place an unreasonable burden on the residents for future maintenance costs which may be higher than their ability to pay.

It is therefore determined that the accounting officer must evaluate the long term effect of unusual capital grants on future tariffs, and if deemed necessary, report on such to Council.

It is furthermore determined that the depreciation charges on assets financed from grants and donations must not have a negative effect on tariffs charged to the users of such assets. The Accounting Officer must put such accounting measures in place to comply with this requirement, to a reasonable extent.

External Loans

The municipality may only raise loans in accordance with its Debt Management Policy.

The Accounting Officer must also put such accounting measures in place to ensure that no unspent portions of loans are utilised for operating purposes.

For budgeting purposes any difference between proposed capital spending from loans and proposed loans raised must be included in the cash surplus for the year.

2.8 FUNDING COMPLIANCE MEASUREMENT

2.8.1 INTRODUCTION

The municipality wants to ensure that the budget or adjustments budget complies with the requirements of the MFMA and this policy. For this purpose a set of indicators must be used as part of the budget process and be submitted with the budget. These indicators include all the indicators as recommended by National Treasury as well as reconciliations according to this policy. Any additional indicators recommended by National Treasury in future must also be taken into account, as well as any additional reconciliation items as either determined by the Council or the Accounting Officer.

If any of the indicators are negative during the compilation or approval process of the budget, the budget may not be approved until all the indicators provide a positive return, unless any negative indicators can be reasonably explained and future budget projections address the turn-around of these indicators to within acceptable levels.

2.8.2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

A positive Cash and Cash Equivalents position throughout the year is crucial. In addition, the forecasted cash position at year-end must at least be the amount as calculated in the Reconciliation of Cash Requirements as determined by this policy and attached to this policy as Appendix "A".

2.8.3 CASH PLUS INVESTMENTS LESS APPLICATION OF FUNDS

The overall cash position of the municipality must be sufficient to include:

- unspent conditional grants;
- unspent conditional public contributions;
- unspent borrowings;
- vat due to SARS;
- secured investments;
- the cash portion of statutory funds such as the Housing Development Fund;
- other working capital requirements; and
- In addition, it must be sufficient to back reserves as approved by the municipality and the portions of provisions as indicated elsewhere in this policy.

2.8.4 MONTHLY AVERAGE PAYMENT COVERED BY CASH AND CASH EQUIVALENTS (“CASH COVERAGE”)

This indicator shows the level of risk should the municipality experience financial stress.

2.8.5 SURPLUS/DEFICIT EXCLUDING DEPRECIATION OFFSETS

It is almost certain that the operating budget, which includes depreciation charges on assets funded by grants and public contributions, as well as on revalued assets, will result in a deficit.

As determined elsewhere in this policy it is not the intention that the users of the assets funded from grants, public contributions and revaluations must be burdened with tariff increases to provide for such depreciation charges. In order to ensure a “balanced” budget but excluding such depreciation charges, the depreciation charges may be offset against the net surplus / deficit.

Should the budget result in a deficit after the offsetting, the budget will be deemed unfunded and must be revised.

2.8.6 PROPERTY RATES/SERVICE CHARGE REVENUE PERCENTAGE INCREASE LESS MACRO INFLATION TARGET

The intention of this indicator is to ensure that tariff increases are in line with macro economic targets, but also to ensure that revenue increases for the expected growth in the geographic area is realistically calculated.

The formula to be used is as follows:

	DESCRIPTION	PROPERTY RATES	SERVICE CHARGES	TOTAL
A	Revenue of budget year	R XX	R XX	R XX
B	Less: Revenue of prior year	R XX	R XX	R XX
C	=Revenue increase/decrease	R XX	R XX	R XX
D	% Increase/(Decrease)	C/B %	C/B %	C/B %
E	Less: Upper limit of macro Inflation target	%	%	%
F	=Growth in excess of inflation target	%	%	%
G	Less: Expected growth %	%	%	%
H	=Increase attributed to tariff Increase above macro inflation target	%	%	%

In the event that the percentage in (h) above is greater than zero, a proper motivation must accompany the budget at submission, or the budget must be revised.

2.8.7 CASH COLLECTION % RATE

The object of the indicator is to establish whether the projected cash to be collected is realistic and complies with section 18 of the MFMA.

The collection rate for calculating the provision for impairment of receivables must be based on past and present experience. Past experience refers to the collection rates of the prior years and present experience refers to the collection rate of the current financial year as from 1 July.

It is not permissible to project a collection rate higher than the rate currently being obtained, even if the municipality recently approved a debt collection policy or implemented additional debt collection measures. Any improvement in collection rates during the budget year may be appropriated in an Adjustment Budget.

2.8.8 DEBT IMPAIRMENT EXPENSE AS A PERCENTAGE OF BILLABLE REVENUE

This indicator provides information whether the contribution to the provision for impairment of receivables is adequate. In theory it should be equal to the

difference between 100% and the cash collection rate, but other factors such as past performance might have an influence on it. Any difference, however, must be motivated in the budget report.

2.8.9 CAPITAL PAYMENTS AS A PERCENTAGE OF CAPITAL EXPENDITURE

This indicator provides information as to the timing for payments on capital projects and utilising allowed payment terms.

2.8.10 BORROWING AS A PERCENTAGE OF CAPITAL EXPENDITURE (EXCLUDING GRANTS AND CONTRIBUTIONS)

This indicator provides information as to compliance with the MFMA in determining borrowing needs. The Accounting Officer must ensure compliance with the Municipality's Debt Management Policy.

2.8.11 GRANTS REVENUE AS A PERCENTAGE OF GRANTS AVAILABLE

The percentage should never be less than 100% and the recognition of expected unspent grants at the current year-end as revenue in the next financial year must be substantiated in a report.

2.8.12 CONSUMER DEBTORS CHANGE (CURRENT AND NON - CURRENT)

The object of the indicator is to determine whether budgeted reductions in outstanding debtors are realistic.

An unacceptable high increase in either current– or non– current debtors' balances should be investigated and acted upon.

2.8.13 REPAIRS AND MAINTENANCE EXPENDITURE LEVEL

It is of utmost importance that the municipality's Property Plant and Equipment be maintained properly, in order to ensure sustainable service delivery. The budget should allocate sufficient resources to maintain assets and care should be exercised not to allow a declining maintenance program in order to fund other less important expenditure requirements.

Similarly, if the maintenance requirements become excessive, it could indicate that a capital renewal strategy should be implemented or reviewed.

As a general benchmark the maintenance budget should be between 4% and 8% of the asset values.

2.8.14 ASSET RENEWAL/REHABILITATION EXPENDITURE LEVEL

This indicator supports further the indicator for repairs and maintenance.

The Accounting Officer must, as part of the capital budget, indicate whether each project is a new asset or a replacement/renewal asset in order to determine whether the renewal program is sufficient or needs revision.

2.8.15 FINANCIAL PERFORMANCE BUDGET

Although it is not a legal requirement that the financial performance budget should balance, it only makes management sense that it should balance.

A number of line-items influence the net result of the financial performance budget. It includes capital grant revenue, depreciation charges including those where assets were funded from grants and public contributions, unamortised discounts and gains/losses on the disposal of Property Plant and Equipment. These items need to be taken into consideration in order to establish if the operating budget is realistic and credible.

2.8.16 FINANCIAL POSITION BUDGET

This indicator provides an overall view of the projected financial position over the periods of the Medium Term Expenditure framework, including movements in inventory and payables.

2.8.17 CASH FLOW BUDGET

A positive cash flow is a good indicator of a balanced budget, as well as the ability of the municipality to meet its future commitments.

The cash flow budget, however, does not include those items such as contributions to the provisions described elsewhere in this policy, the effect of depreciation charges etc, and care must be taken not to let a projected positive cash inflow lead to additional expenditure requests, without taking the requirements of those items into consideration.

3. SECTION B: RESERVES POLICY

3.1 INTRODUCTION

Fund accounting historically formed a huge part of municipal finance in the IMFO standards.

Since the municipality changed to General Recognised Accounting Practices (GRAP) fund accounting is no more allowed.

The municipality, however, recognises the importance of providing to the municipality itself, as well as its creditors, financiers, staff, and general public a measure of protection for future losses, as well as providing the necessary cash resources for future capital replacements and other current and non-current liabilities.

This policy aims to provide for such measure of protection by creating certain reserves.

3.2 LEGAL REQUIREMENTS

There are no specific legal requirements for the creation of reserves, except for the Housing Development Fund. The GRAP Standards itself also do not provide for reserves.

However, the GRAP “Framework for the Preparation and Presentation of Financial Statements” states in paragraph 91 that such reserves may be created, but “Fund Accounting” is not allowed and any such reserves must be a “legal” reserve, i.e. created by law or Council Resolution.

3.3 TYPES OF RESERVES

Reserves can be classified into two main categories being “cash funded reserves” and “non – cash funded reserves”.

3.3.1 CASH FUNDED RESERVES

In order to provide for sufficient cash resources for future expenditure, the municipality hereby approves the establishment of the following reserves:

(a) Capital Replacement Reserve (CRR)

The CRR is to be utilised for future capital expenditure from own funds and may not be used for maintenance– or other operating expenditure.

The CRR must be cash-backed and the Accounting Officer is hereby delegated to determine the contribution to the CRR during the compilation of the annual financial statements.

(b) **Employee benefits reserve**

The aim of the reserve is to ensure sufficient cash resources are available for the future payment of employee benefits.

The contributions to the reserve must be made in accordance with the directives set in this Funding Policy.

(c) **Non-current provisions reserve**

The aim of this reserve is to ensure sufficient cash resources are available for the future payment of non – current provisions.

The contributions to the reserve must be made in accordance with the directives set in this Funding Policy.

(d) **Valuation reserve**

The aim of this reserve is to ensure sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act.

The contribution to this reserve should be approximately 25% of the anticipated cost of the General Valuation and the Accounting Officer is hereby delegated to determine this amount annually during the compilation of the annual financial statements.

(e) **Other statutory reserves**

It may be necessary to create reserves prescribed by law, such as the Housing Development Fund. The Accounting Officer must create such reserves according to the directives in the relevant laws.

3.3.2 NON – CASH FUNDED RESERVES

It might be necessary to create non – cash funded reserves for a variety of reasons, including GRAP requirements. The Accounting Officer must create any reserves prescribed by the accounting standards, such as the Revaluation Reserve, if required.

The Accounting Officer is hereby delegated and may also in the discretion of the Accounting Officer, create reserves for future depreciation offsetting, in the absence of a standard similar to IAS 20.

3.4 ACCOUNTING FOR RESERVES

3.4.1 REVALUATION RESERVE

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

3.4.2 OTHER RESERVES

The accounting for all other reserves must be processed through the Statement of Financial Performance. The required transfer to or from the reserves must be processed in the Statement of Net Assets to or from the accumulated surplus.

It is a condition of GRAP and this policy that no transactions may be directly appropriated against these reserves.

4. SECTION C: REVIEW OF THE POLICY

This Funding and Reserves Policy is the only policy of the municipality and replaces any past policies in this regard. Any revision of the policy must be approved by the Municipal Council.

Whenever the Minister of Finance or the National Treasury or the Auditor – General requests changes to the policy by way of legislation, changes to GRAP or otherwise, it must be reviewed and submitted for consideration by the Council on an annual basis. Such submission must be accompanied with a full description of the reasons for the change to the policy.

APPENDIX A

RECONCILIATION OF CASH REQUIREMENTS

Cash flow from operating activities	R XX
Add : Depreciation from own funds	R XX
Add : Contribution to current provisions	R XX
Add : 20% of prior year non – current provisions balance	R XX
Add : 5% of prior year non – current employee benefits balance	R XX
Add : Contribution to Valuation reserve	R XX
Add : Unspent conditional grants	R XX
Add : Unspent public contributions	R XX
Add : Unspent borrowings	R XX
Add : VAT due to SARS	R XX
Add : Secured investments	R XX
Add : Cash portion of Statutory Reserves	R XX
Add : Working Capital Requirements	R XX
= Minimum Cash Surplus Requirements for the year	R XX